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U.S. Urges Probe Of Jailed Iranians

Denies Torture, Invites UN Inquiry into Treatment at New York Prisons

By John M. Goshko

WASHINGTON, Aug. 5 (WP)—The Carter administration, facing mounting pressure from Congress and the public, today urged a United Nations inquiry into the treatment of Iranian prisoners held in New York City jails.

The State Department spokesman said the U.S. would welcome a UN investigation into the treatment of the 52 American hostages in Iran, but would not accept a UN inquiry into the treatment of the Iranian prisoners held in New York City jails.

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Iranians demonstrating outside Magistrates' Court in London Tuesday for the release of 50 Iranians being held following Monday's demonstrations outside the U.S. Embassy in London.

Arafat Tells Thorn He Would Accept Homeland on Any Area Israel Leaves

By Loren Jenkins

BEIRUT, Aug. 5 (WP)—Yasser Arafat, head of the Palestine Liberation Organization, today told a special emissary from the European Economic Community that he is prepared to accept a Palestinian homeland on whatever part of the occupied West Bank that Israel could be induced to leave.

At the same time, sources said Mr. Arafat denied accusations that the PLO is committed to a hard-line policy of total military liquidation of Israel, insisting that the PLO still stands by previous commitments supporting a political settlement for the Middle East conflict.

Mr. Arafat's statements were made in a closed three-hour meeting late last night with Gaston Thorn, the foreign minister of Luxembourg, who was here on the third leg of an official fact-finding mission for the EEC in his capacity as the current chairman of the EEC's Council of Ministers.

Mr. Thorn's mission was mandated at the EEC summit in Venice in June, which issued a declaration endorsing the association of the PLO with negotiations for an end to the Middle East conflict. Mr. Thorn was instructed to visit the Middle East in preparation for the formulation of an independent European peace initiative.

Shortly after the Venice declaration in June, it was reported that Mr. Arafat's el-Fatah movement, which makes up the bulk of the PLO, had adopted a tough new no-concessions policy in a stormy 11-day congress in Damascus at which Mr. Arafat's diplomatic efforts came under heavy criticism.

Mr. Thorn, however, said that he is very satisfied with the results of the encounter although "one cannot minimize the contradictions" that emerged. He said, however, that the results of his mission to the Middle East would allow European leaders to decide on a Middle East initiative as soon as possible.

Mr. Thorn earlier visited Tunis for talks with the Arab League and Tel Aviv for talks with Israeli officials. After meeting with President Elias Sarkis of Lebanon today and other government officials, he left for Syria.

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Carter Denies Brother Influenced U.S. Policy

'No Illegality' Or Favors by White House

By Terence Smith

WASHINGTON, Aug. 5 (NYT)—President Carter, declaring "categorically" that Billy Carter had in no way influenced United States policy toward Libya, said yesterday that he had directed his counsel to draft a new regulation prohibiting any contact between the executive branch and the president's relatives that might give "the appearance of improper favor or influence."

"Our political history is full of stories about presidential relatives whom other people tried to use in order to gain favor with incumbent administration," Mr. Carter said in an extraordinary report to the Senate panel investigating the Billy Carter controversy.

"In most such cases, the appearance of favoritism has been much worse than the reality," he said. "My brother Billy's case is one of many such examples."

The 13,000-word report, including the texts of 15 entries in the president's personal diary and the detailed recollections of several of his top aides, was made public by the White House last evening.

President's Voice Breaks
A few hours later, Mr. Carter fielded questions about the controversy in a televised news conference from the East Room that lasted an hour — twice the normal length of such conferences.

Visibly nervous at the outset, Mr. Carter's voice cracked as he read an 18-minute opening statement outlining his report to the Senate and stressing that there had been "no illegality or impropriety" on his part or on the part of anyone in his administration.

He paused and his voice dropped as he spoke personally about his younger brother, whom he described with a small, almost painful smile as "a colorful personality."

"We are personally close," the president said, "perspiring under the hot television lights that bathed the ornate East Room. 'I love him and he loves me.'"

Mr. Carter said he was "deeply concerned" that his brother had received funds from Libya, "and that he may be under obligation to Libya." He added that "these facts will have to govern my relationship with my brother Billy."

The president acknowledged that it had "occurred" to him that his brother might be receiving money from Libya, but he said he did not know it for a fact until his brother registered as a Libyan agent on July 14.

Mr. Carter said he wished his brother had "never had any relationship with Libya."

"I can't condone what he has done. I'm not trying to make excuses. Anyone who knows Billy knows no one can push him around."

Seemingly to grow more confident as the questions continued, Mr. Carter disputed the suggestion that the affair had proven his administration "incompetent." He conceded that mistakes had been made, "but it certainly wasn't a comedy of errors."

The president also defended the use of his family on diplomatic missions and said it was "completely appropriate" for Mrs. Rosalynn Carter to have initially contacted registered as a Libyan agent on July 14.

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Carter's Ratings Plunge in 2 Polls

WASHINGTON, Aug. 5 (WP)—President Carter's popularity continues to decline and he is now running third behind Republican Ronald Reagan — who has a wide lead — and independent John Anderson, according to one of two new national polls.

A Harris Survey released yesterday (a companion of an earlier ABC News-Louis Harris poll that showed Mr. Carter's popularity at an all-time low) shows the president behind Mr. Reagan and Mr. Anderson in a three-way trial heat.

The Harris poll surveyed 1,458 likely voters from July 18 to 21, and asked them their preference in the presidential race. Mr. Reagan drew 53 percent, Mr. Carter 26 and Mr. Anderson 18. But in a trial heat that assumed Mr. Anderson had a chance to win, the figures were 49 percent for Mr. Reagan, 25 for Mr. Anderson and 23 for Mr. Carter.

The latest Gallup Poll shows Mr. Carter's popularity at 21 percent, the lowest recorded for any president since Gallup started measuring presidential popularity more than 40 years ago.

The Gallup Poll said the president's popularity is now 7 points below his previous low — recorded exactly a year ago — and 40 points below his rating in early December, a month after the Iranian hostage crisis began.

The previous lows in popularity for presidents were 23 percent for Harry S. Truman in November 1951 and 24 percent for Richard M. Nixon shortly before he resigned in August, 1974.

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Military Says Nation's Defenses Are Inadequate

Soviet Far East Buildup Worries Japan

TOKYO, Aug. 5 (AP)—Japan's military forces are inadequately equipped to cope with the stationing of Soviet troops in the Far East, the Defense Agency said in its annual white paper released today.

Like the 1979 version, the analysis focused on the Soviet buildup and specifically cited the stationing of ground troops on Shikotan and three other northern coastal islands claimed by both countries. The four islands were seized by the Soviet Union at the end of World War II.

Examples of the threats facing Japan, the white paper said, include deployment of Backfire strategic bombers and SS-20 mobile intermediate-range ballistic missiles in the Far East, expansion of the Soviet fleet in the Pacific and increased use by the Soviet Union of Vietnamese port facilities and airports.

The analysis added that with approximately 4,350 operational aircraft, the Soviet force now is numerically superior to that of the United States. The report pointed out that the Soviet Navy has an estimated 2,620 vessels, including 380 submarines, in addition to 710 combat aircraft, including the Backfire bomber.

"As a result of such efforts," it said, "the Soviet Union now is strong enough to compete with the United States in nuclear capability as well as in conventional war capability in Europe and the Far East."

Giro Hag, director of the Defense Agency's systems-analysis department, said, "In our view, the Soviet threat is much, much greater than ever before."

In light of this, the white paper said Japan's tanks are insufficient in number and mostly obsolete, the naval units lack anti-aircraft capability and the air forces are inadequate.

Japan is barred by its constitution from maintaining anything but a defensive military capability, and

has adhered for years to a spending level below one percent of its gross national product for military purposes. The United States spends 5.2 percent.

Japan approved a boost of 9.7 percent in defense outlays for fiscal 1982, which actually reflects only about 1 1/2 to 2 percent in real increase because of inflation.

On other subjects the report said: • U.S. deployment of two aircraft carrier task forces in the Indian Ocean since last December was an indispensable step to protect the supply of Middle Eastern oil to Western countries and Japan, although prolonged U.S. action could possibly affect the military balance in northeastern Asia on which Japan's security depends. • In increasing Japan's defense capability, there is a great need for

Debt Still Sharpening the Edge of Danish Economy

By Jonathan Kandell

COPENHAGEN, Aug. 5 (HT)—"Borrowing the edge of bankruptcy," warned Polonius way back when Denmark was in a really rotten state. But Polonius, not a far-sighted man, could never have imagined the emergence hundreds of years after Hamlet of a country founded on the conviction that well-being depends on a capacity to go into debt.

A brochure put out by the Ministry of Foreign Affairs even seeks to define the modern Danish character in terms of debt: "A Dane is a man who cannot afford. On paper this makes him a millionaire and allows him to borrow money at exorbitant rates of interest. He never thinks about how all this will turn up, and probably something will turn up."

The average citizen is only emulating the fate of the country. Denmark has run a trade deficit 19 out of the last 20 years, and its net foreign debt now equals 20 percent of the gross domestic product. For the last six years, it has been a public budget deficit as the government strains to meet the requirements of a welfare state that provides free day nurseries, schooling, medical treatment, homes for the aged and inexpensive burials.

The budget has further expanded to cover a 76 assistance act which guarantees adequate financial assistance in case of need — only to survive, but to maintain the standard of living to which Danes are accustomed. This means that an unemployed Dane receives considerably more in benefits than most other Europeans earn from their jobs. And to help administer this bountiful welfare system, the public sector has become the largest employer in the country, overtaking private industry last year.

A few well-placed Danes have expressed alarm over their country's seemingly inexhaustible propensity to borrow. At the beginning of this year, the governor of the central bank, concedes that there is little hope that the country's increase in debt service can be matched by improving the balance of trade in the near future. But he adds: "I think Denmark's position has been somewhat over-dramatized. We won't have any difficulties borrowing more abroad. Mr. Hoffmeyer's

warnings were mainly intended for internal consumption. It took too long a time for our politicians to realize that the situation was getting serious."

Highest Living Standards
Even though the gravity of the economic situation is slowly sinking in, the country's political leaders have not yet found a way to break a 30-year habit of borrowing that links foreign trade, productivity, private consumption and one of the highest living standards in the world.

With a population of only 5 million people and virtually no raw materials, Denmark is overwhelmingly dependent on foreign trade for its survival and prosperity. Almost 40 percent of its manufactured products are exported.

Wages Linked to Inflation
Throughout the 1950s and 1960s, profits from an export-based industrial boom were able to meet the demands of higher wages and investment.

Personal income taxes climbed to the highest levels in the world, so that even a blue collar worker is taxed 43 percent of his income. But the government softened the blow in two ways: Wages were linked to inflation to assure employees that their purchasing power would be maintained; and a borrowing system was devised that allows everyone to deduct all debt interest payments — houses, cars, color televisions, anything — from their taxes.

Averaging a room-and-a-half per inhabitant, the Danes have become the best housed (Continued on Page 2, Col. 6)



REFUGEES UPSET — Chanting "Get us out of here or we're going to burn this place down," Cuban refugees at Fort Indiantown Gap, Pa., threw rocks and bottles at police yesterday. The disturbance by 200 Cubans followed the wrecking of a mess hall earlier in the day. Officials at the camp, which houses about 5,000 refugees, refused to give details.

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U.S. Presses Egypt To Continue Talks

By Bernard Gwertzman

WASHINGTON, Aug. 5 (NYT) — The United States has informed Egypt that it does not share the view that Israel's actions on Jerusalem justify a halt in the negotiations on Palestinian self-government, the State Department said yesterday.

While joining in Egypt's criticism

Arafat Stand Is Harmful, Israelis Say

By William Claiborne

JERUSALEM, Aug. 5 (WP) — Government officials said today that they regard Palestinian Liberation Organization chief Yasser Arafat's recent disavowal of any intent to liquidate Israel as damaging to the Middle East peace process because it provides Western European leaders with an opening to step up their diplomatic contact with the PLO and undercut the Camp David negotiations.

Apparently troubled by Mr. Arafat's reported turnaround, the Israeli government has gone to some lengths to counter it, starting with a briefing of foreign journalists on Friday by a Foreign Ministry intelligence analyst. The ministry's second-highest-ranking official sought to reinforce Israel's skepticism today in an interview.

David Kimche, director-general of the ministry, said that, despite Mr. Arafat's disavowal, the PLO's el-Fatah guerrilla wing has reaffirmed its commitment to an armed struggle against the Jewish state and has rejected Mr. Arafat's plan to pursue a "soft tactical line," the director-general of the Israeli Foreign Ministry said yesterday.

Mr. Arafat heads both the PLO and Fatah, its largest guerrilla group.

Vote Is Reported

Mr. Kimche said unspecified Western intelligence sources had told him that the Fatah executive committee voted 12-4 in a June meeting to reject Mr. Arafat's strategy of furthering the PLO's political gains in Europe by continuing a policy of diplomatic moderation instead of guerrilla warfare.

This was after a congress of Fatah met in Damascus in May and — according to widespread diplomatic and press reports — adopted a resolution to "liquidate the Zionist entity" politically, economically, militarily, culturally and ideologically.

In an interview published in the International Herald Tribune Thursday, Mr. Arafat denied that the Fatah congress had adopted the resolution, which he said was contained in a draft put forward by a splinter faction but never approved. He accused Israel of carrying out an international campaign to misrepresent the PLO and said he had left the Damascus reports unchanged only because he had been preoccupied by other issues.

Mr. Kimche termed the Arafat interview with the Herald Tribune a "desperate" attempt to contain the damage caused in Europe by the Damascus resolution.

According to Israel's intelligence sources, Mr. Kimche said, the opposition to Mr. Arafat's soft tactical approach was led by top PLO official Salah Khalaf (Abu Iyad) and reflected disunity not only in the PLO umbrella organization but also within Fatah itself.

Mr. Kimche, who before becoming Foreign Ministry director-general two weeks ago, served for more than 20 years in Israel's intelligence service, the Mossad. He said open conflicts in Fatah between Mr. Arafat and aides such as Mr. Khalaf have become more commonplace in recent months because of the disputes over tactics.

He said Mr. Arafat has shown signs of losing control over even Fatah, the comparatively moderate wing of the PLO.

of the law passed last week by the Israeli Knesset (parliament) affirming Jerusalem as the country's capital, the Carter administration added that it does not see Jerusalem as "an obstacle" to continued negotiations between Israel and Egypt.

"We hope and expect the talks to go forward," said John Tattner, a State Department spokesman. He added that President Anwar Sadat of Egypt had given Washington a copy of a lengthy letter he sent to Prime Minister Menachem Begin Saturday complaining of Israeli actions on Jerusalem.

The letter said, according to officials, that Israel's moves had produced an obstacle to the negotiations and that Egypt wanted to hear Israel's views on how the talks could proceed.

Some U.S. officials had expected Mr. Sadat to suspend the negotiations. But the State Department regarded his letter as leaving open the possibility that the talks could continue. Therefore, the administration decided to try to keep the talks going and to avoid taking sides.

Mr. Tattner was instructed to assert that the Knesset vote was "unhelpful" to the negotiations because it was "a unilateral action" with regard to the status of Jerusalem.

The U.S. position is that the political status of Jerusalem should be left to negotiations involving Israel and the interested Arab parties.

As a result, Washington has recognized neither Israel's annexation of East Jerusalem in 1967 nor its confirmation of this last week.

White House officials are also sensitive to the peril of President Carter's becoming embroiled in a major dispute with Israel and with American Jews, particularly on the eve of the Democratic Party convention in New York City. As a result, spokesmen have been encouraged to avoid blaming the Israelis for any breakdown in the negotiations.

"We have made clear to the Egyptians that we want the autonomy talks to continue," Mr. Tattner said. "We don't see Jerusalem as an obstacle."

Sol Linowitz, Mr. Carter's special Middle East negotiator, was supposed to fly to the region later this month for talks, but an aide said yesterday that these plans were not fixed and would await the results of the Begin-Sadat exchange.

The talks on Palestinian autonomy stem from the Camp David agreements of September, 1978, which also produced the Egyptian-Israeli peace treaty of March, 1979.

The parties had set the end of May 1980 as the target date for concluding negotiations on the procedures for the elections and duties of a Palestinian self-government authority in the occupied West Bank and Gaza Strip.

That goal passed without an agreement, and few officials expect one before the presidential elections in November. But the Carter administration wants at least to keep the talks alive between now and then for both political and diplomatic reasons, officials have said.

Israel Cabinet Team Drafts 'Friendly' Answer to Sadat

By Christopher S. Wren

JERUSALEM, Aug. 5 (NYT) — Prime Minister Menachem Begin and a team of his Cabinet colleagues today finished drafting Israel's response to Egyptian President Anwar Sadat's message explaining his decision to delay negotiations on Palestinian autonomy.

A source close to the Cabinet described the Israeli reply as written in "a personal, polite, friendly way." The message, which is said to run 14 pages, will be forwarded tomorrow to Israel's ambassador in Cairo, Eliahu Ben Elissar, for delivery to Mr. Sadat, with a copy going to President Carter.

The sources at the Cabinet declined to give any details of the response before Mr. Sadat read it. From sketchy reports, it evidently does not give ground on the basic differences between Israel and Egypt, including the Knesset action last week that formally declared Jerusalem to be the united capital of Israel.

In protest over the new law, Mr. Sadat called off the talks with Israel that were due to be held in Alexandria this week.

However, several Israeli officials familiar with the special Cabinet meeting also stressed that Israel has long believed that every issue is negotiable, including, at least in principle, the question of Jerusalem's status. If this indeed were mentioned in the reply, it would give Mr. Sadat a face-saving device for resuming the autonomy talks.

The committee that Mr. Begin picked to help draft the reply included three of the Cabinet's prominent hard-liners. They were Yitzhak Shamir, the foreign minister, Ariel Sharon, the agriculture minister, and Moshe Nissim, a minister without portfolio. The other members were Yoel Burg, the interior minister, who is also Israel's chief negotiator on the autonomy issue, and Yigal Yadin, the deputy prime minister and a political moderate.

Mr. Burg said in an interview that the letter was drafted "in the spirit of not closing doors," despite its firmness.



UN Secretary-General Kurt Waldheim talks with Cambodian refugees who presented him with flowers during an inspection tour of camps near the Thai-Cambodian border in Nong Chan, Thailand Tuesday. Mr. Waldheim wants to set up a demilitarized zone on the border.

Waldheim Trip Fails to Bridge Vietnam-Thai Gap

BANGKOK, Aug. 5 (NYT) — UN Secretary-General Kurt Waldheim today concluded a four-day visit to Hanoi and Bangkok that failed to bridge the gap between the two countries created by the Vietnamese invasion of Cambodia that was deepened by Vietnam's incursion into three Thai border villages in June.

In an interview before his departure for London, Mr. Waldheim said that both countries had stressed their willingness to talk to each other and requested that he use his offices to find a solution.

Beyond these courtesies, however, United Nations officials accompanying the secretary-general said that the two countries were presently too far apart and too suspicious of each other to expect anything better than a long drawn-out process of gradual improvement of the high tension between them.

"After my talks it is my impression that we are faced with an extremely complicated, complex situation," said Mr. Waldheim. "A solution will not be easy. Certainly it will not come soon."

Carter: Brother Didn't Influence Policy

(Continued from Page 1)

Billy Carter about his role as an intermediary in the Iranian hostage situation.

It was apparent that the White House hoped that the combined weight of the report and the president's televised answers would defuse the controversy prior to the start of the Democratic convention in New York next week.

Although the White House report contained no major new revelations, it was remarkable nonetheless.

The excerpts from the president's personal diary, which he dictates into a tape recorder at the end of each day, provide a rare glimpse into his thinking about his brother, his private conversations with his aides and confidants, and his awareness of the political harm that he feared could be caused, especially within the Jewish community, by Billy Carter's stubborn refusal to register as a foreign agent for Libya.

Mr. Carter specifically denies in his report that he or anyone in the White House interfered with the Justice Department's investigation of his brother or gave his brother advance notice of leads that were turned up in it.

"Everything that I and the White House staff did with respect to this case was designed to serve the interests of law enforcement and justice," the president wrote.

Report in First Person

The president's report, written in the first person, discloses the following:

• The president tried, repeatedly and unsuccessfully, to persuade Billy Carter to minimize his contacts with the Libyans and specifically not to make a second trip there, arguing that it would create "severe problems for us because of their threats against Sadat and because they are fighting in Uganda for Idi Amin." Despite this, Billy Carter visited Libya a second time in September 1979.

• The president recognized the risk of public criticism in using his brother as a contact with the Libyans to seek their intercession on behalf of the American hostages in Tehran, but felt it was outweighed by the need to explore every possible avenue with the Libyans. Mr. Carter said he made this decision "in good faith."

• The president confirmed that his wife first thought of using Billy Carter as a contact in the hostage crisis, discussed the idea with him by telephone and then informed the president, who asked National Security Adviser Zbigniew Brzezinski to pursue the matter. The president also revealed that in a meeting with the Libyan representative in Washington, he expressed a willingness to move toward improved "consultations and long-term relations" with Tripoli.

• The president noted, in a diary entry dated June 28, 1980, that his brother's stubborn refusal to register as a foreign agent for Libya could "become an embarrassing incident later on, particularly with American Jews."

• The president telephoned Bert Lance, his former budget director who was forced to resign in 1977, and asked him to visit Billy Carter in the hospital in February, 1979. In a diary entry, the president noted

that he asked Mr. Lance to "encourage him to take care of his health, his finances and to stay away from Libya for a while."

Jody Powell, the press secretary, explained that Lance was one of the few people Billy Carter turned to at that point for advice on his financial and personal problems. A few weeks later, Billy Carter entered the Navy Alcohol Rehabilitation Unit at Long Beach (Calif.) Naval Hospital.

• The president promised his brother in a handwritten letter that he would meet with Jack E. McGregor, Billy Carter's former commanding officer in the Marine Corps and a friend who was helping him financially.

The president did meet with Mr. McGregor at the White House on April 4, 1979, and thanked him for helping to persuade his brother to seek treatment for his drinking problem. Both the White House and Mr. McGregor said that no business deals were discussed at the meeting, although later Mr. McGregor put Billy Carter in touch with Charter Oil Co., for which the president's brother sought additional allocations of crude oil from Libya.

• The documents released with the report reveal that the president and his brother were in frequent contact concerning the latter's involvement with Libya and the question of his registering as a foreign agent. The entries from the president's diary indicate that the two men had at least eight discussions of the matter between February, 1979 and July, 1980, in addition to two letters.

In its initial reports on the matter, the White House mentioned only two conversations between the two brothers.

Billy Carter's \$220,000

The President specifically denied in the report that any of the \$220,000 payment Billy Carter received from Libya had been transferred to him or the trust that formerly operated the Carter family peanut business. He added that neither he nor the trust would receive any such payment in the future.

Addressing questions that had been raised in the press and on Capitol Hill, Mr. Carter said that no one in the White House had tipped off Billy Carter about the Justice Department's investigation of the payments he had received from Libya.

The president also defended his discussions of the matter with Attorney General Benjamin Civiletti, contending that they did not interfere with the department's investigation or conflict with administration policy regarding such contacts.

Carrington to Visit East

LONDON, Aug. 5 (Reuters) — British Foreign Secretary Lord Carrington will visit Poland and Hungary in October in order to keep lines of communication open with the European Communist bloc despite the Soviet intervention in Afghanistan, official sources said today.

Vote Put Off On U.S. Sale Of Uranium

Delay on India Fuel Seen Helping Carter

By Graham Hovey

WASHINGTON, Aug. 5 (NYT) — The administration has been able to avert, at least until after the Democratic National Convention, a confrontation with Congress over President Carter's decision to sell 38 tons of nuclear fuel to India.

Administration officials had been concerned that a decisive vote against the sale in the House of Representatives, which appeared likely, would have embarrassed Mr. Carter shortly before the opening of the Democratic convention in New York next Monday.

Instead, the House Foreign Affairs Committee decided to postpone consideration of a resolution of disapproval, in the hope of finding a compromise on the issue. The Senate Foreign Relations Committee then delayed action on a companion measure.

In announcing on June 19 the decision to go ahead with the shipment of enriched uranium for the Tarapur atomic power station near Bombay, the president overruled the five-member Nuclear Regulatory Commission, which unanimously opposed the sale.

Under the Nuclear Nonproliferation Act of 1978, the two houses of Congress, by concurrent resolution, can block such a sale within 60 legislative days after the president's decision. This provision would give Congress until mid-September to act.

Administration officials conceded that if the matter had come to votes at this time, both the House Foreign Affairs Committee and the whole House would have rejected the sale by wide margins, handing the president an embarrassing defeat on a major issue.

At a recent hearing, members of the House committee heard a compromise proposal suggested by Joseph Nye Jr., a Harvard political scientist and former deputy to the undersecretary of state for security assistance, science and technology.

Mr. Nye proposed that Congress allow the administration to proceed with a first shipment of nuclear fuel, which the Tarapur plant reportedly will need soon, but delay a second supply for about two years, when India will require replenishment.

Before sending a second shipment, under Mr. Nye's proposal, the administration would certify to Congress that it had no evidence that India was preparing new nuclear explosions — it exploded an underground device in 1974 — or attempting to build nuclear weapons.

Debt Sharpens Edge of Danish Economy

(Continued from Page 1)

people in Europe. Even country villages have been transformed by large, two-story brick homes built during the last 15 years.

The game is to buy as big a house as possible," explains Bjørn Nielsen, general manager of a construction company. "You get yourself into as much debt as possible, even if you have to live on bread and water for a while. As years go by, you save from taxes and inflation reduces your debt and increases the value of your property at the same time. Then, you become a rich man. You go back to steaks and you use your house to get more loans."

By the early 1970s, distortions began to appear in this overly indebted economic system. Domestic consumption was running so high that business companies neglected exports in favor of the internal market. Labor and wage costs outpaced investment and productivity increases. The competitiveness of Danish exports declined. The world recession, brought on by steep oil price increases, was a doubly crushing blow to a country that imports virtually all its petroleum and depends heavily on trade.

High-Rate Bonds

The ruling Social Democratic government, under Premier Anker Jørgensen, has borrowed heavily abroad to finance the persistent payments deficit. It has also financed the public budget deficit through government bonds yielding extremely high rates of interest. And this, in turn, has drawn money away from private investment.

"It is hard for business to compete with returns of 19 percent on government bonds," says Verner Puggaard, an economist with the Federation of Danish Industries. "I am sure even a businessman would be tempted to buy a government bond instead of investing in his own

WORLD NEWS BRIEFS

Armenian Group Claims Attack at Consulate

LYONS, Aug. 5 (AP) — A gunman walked into the Turkish Consulate today, opened fire and wounded four persons, police said. A clandestine Armenian organization claimed responsibility. Police officers said the assailant fired his pistol at the reception desk while an accomplice stood watch outside. The two then fled. A wounded consulate clerk ran to a nearby police station to get help. An anonymous caller told the news agency Agence France-Presse that the assault was the work of the Secret Army for the Liberation of Armenia, which has claimed 130 bombings and killings in Europe. The former kingdom of Armenia is split between Turkey and the Soviet Union.

Chess Masters Seek Release of Exile's Family

AMSTERDAM, Aug. 5 (Reuters) — An international committee of chess grandmasters intends to launch a campaign for the release from the Soviet Union of the wife and son of exiled Viktor Korchnoi, a Dutch member of the committee said today. The spokesman said the aim of the committee was the reunion of the Korchnoi family by insisting that the Soviet authorities release Mr. Korchnoi's son, Igor, from imprisonment and give him and Mrs. Korchnoi permission to leave the Soviet Union. Mrs. Korchnoi has been refused an exit visa to join her husband, who left the Soviet Union in 1976 and lives in Switzerland. Their son was called up for military service after applying for emigration but went into hiding. He was detained in December and sent to a labor camp.

British Panel Urges West to Resist Russians

LONDON, Aug. 5 (UPI) — The House of Commons Foreign Affairs Committee said today that there is no evidence that the Soviet intervention in Afghanistan is part of an overall grand strategy to influence the Gulf and threaten Western oil supplies.

But it said the West must provide Middle East regimes with evidence of will and ability to resist further Soviet aggression. And it said that a solution of the Palestinian problem is a key issue for stability in the area and has become "an absolute priority."

These findings highlighted a report by the 11-man all-party committee after four months of hearings on the implications of the Afghanistan intervention. Warning that the Russians are apparently prepared for a long struggle, the report said that the West must follow up its initial response with "continuing pressure to make it clear that the situation in Afghanistan is unacceptable."

S. Korea Turns Away Amnesty International

LONDON, Aug. 5 (Reuters) — Amnesty International today said South Korean authorities had refused to allow its representatives to enter the country to investigate reports of large-scale arrests and torture of political prisoners.

The human-rights organization said it had sent a mission consisting of its deputy secretary-general, Dick Osting, and an American lawyer, Edward Baker, but the South Korean embassy in Tokyo told them that the timing was inconvenient.

A spokesman for the South Korean embassy in London said the authorities had only asked Amnesty International to postpone its visit. "We have never refused to allow its representatives to enter Korea. We have simply indicated that it would be inconvenient during this period and suggested it be postponed to a more convenient time."

Zimbabwe Minister Is Questioned in Slaying

SALISBURY, Aug. 5 (AP) — A black Cabinet minister and leading nationalist has been questioned by the police in the shooting death of a white farmer, government sources said today.

Edgar Tekere, minister of manpower, is also secretary-general of Prime Minister Robert Mugabe's ruling Zimbabwe African National Union. Mr. Tekere, 43, has been the center of controversy in the last two months by publicly calling for the expulsion from the country of two white heads of the Anglican Church and for backing threats by Finance Minister Enoch Nkomo to "crush" Home Affairs Minister Joshua Nkomo's Patriotic Front Party, the other black nationalist party in the government.

The farmer was killed on a farm 20 miles (32 kilometers) southwest of Salisbury, the sources said. Mr. Tekere was found by the police in a yard yesterday on an apartment block in central Salisbury.

company. So what we have is a vicious cycle. The trade deficit creates high interest rates, which create low investment, which creates low productivity, which creates a bigger trade deficit."

To break the cycle, businessmen and their center-right political allies have been pressing the government to cut public expenditures and hold down wage demands by organized labor.

But the public expenditure that the government seems most amenable to controlling is defense spending. To the irritation of their North Atlantic Treaty Organization allies, the Danes, who have a higher per capita income than Americans, will almost certainly fall short of NATO's goal to increase real military spending by 3 percent a year.

And, according to the Danish chief of defense, Gen. Knud Jørgensen, a failure to meet this goal will cut down military personnel by 40 percent — thus reducing the army forces to less than the size of the New York City Police Force.

Businessmen and conservative politicians are not having any luck either in convincing labor to cut the link between wage increases and inflation. With unemployment at about 7 percent and inflation hovering around 14 percent, trade unionists argue that they are willing to agree to limits on wage increases only if businesses turn over company shares to employees.

"Of course, in the long run, this will mean that ownership of many companies will be in the hands of the employees," says Freddie Hansen, an official with the LO, the Danish federation of labor.

In the shorter run, industrialists are also afraid that increased labor participation in company decisions would lead to investment decisions aimed more at preserving jobs than increasing productivity. "Unlike industries in countries like Sweden and Britain, our businesses have never asked for subsidies," says Mr. Puggaard, the economist.

"If a firm cannot compete here, simply goes bankrupt. At least we know that the firms that survive are competitively sound on the world market, and we have to keep it that way."

One point both businessmen and labor are still agreed upon is that Danish consumers should not be discouraged from getting into debt and making it off their taxes. The government changed the terms of the game all at once, we must see huge, dangerous changes in the consumption patterns," says Mr. Puggaard.

The only way I would like to see the system change is to allow workers to deduct more of their payments from their taxes," said Mr. Hansen, the trade unionist.

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Earthquake Hits Nepal

KATMANDU, Nepal, Aug. 5 (UPI) — Earth tremors registering 5 on the Richter scale today rocked remote areas of western Nepal, where the area's worst earthquake in 64 years killed 51 persons last week. Officials said that the final count could be much higher. The earthquake today affected 11 of the country's 75 districts.

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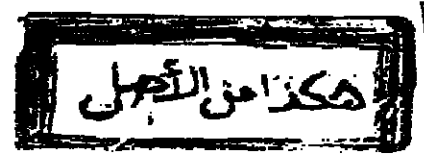
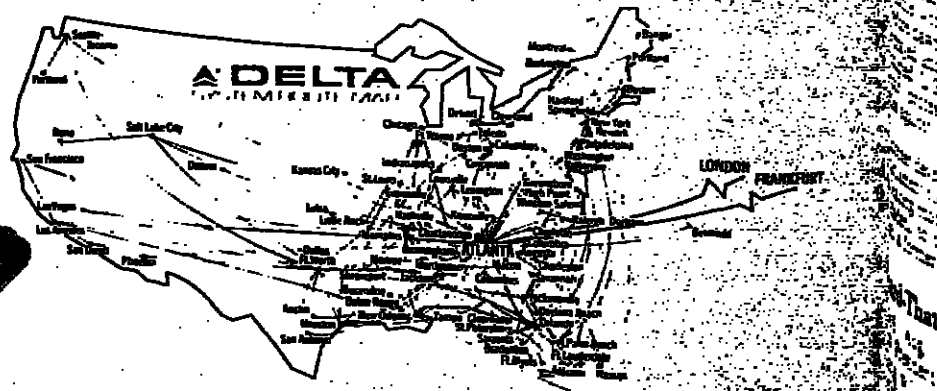
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Convention Tactic: Carter Press Conference: Trying to Turn the Corner

By Hedrick Smith

WASHINGTON, Aug. 5 (NYT) — President Carter's broad statement and on-the-spot press conference last night were intended by the White House to bring the Billy Carter affair to a climax and to turn political corner by making any subsequent developments seem anticlimactic and inconsequential. Behind this strategy lies the belief that there are no other major disclosures in the case that would seriously embarrass the president.

NEWS ANALYSIS

The political calculation was that if those tactics prove successful, they will blunt the drive to "open" the Democratic convention and somehow deprive Mr. Carter of nomination.

"You've got to get to a point where the public and the press sense that the big news is over," said an aide in Mr. Carter's campaign. "That's why the president wanted to testify before the Senate investigating committee before the convention. His appearance on national prime time is supposed to be a culmination. It's a cathartic exercise."

It was a tactic urged on Mr. Carter not only by some of his White House and campaign aides but also by neo-Carter leaders of the convention, who were becoming increasingly worried that Mr. Carter's support among the delegates was being eroded by the steady trickle of disclosures in the Billy Carter affair, the president's standing in the polls, and the mounting activity to release the delegates from earlier pledges.

But the White House may not find it so easy to stem the revolt. Carter's contention that he had no law, that his brother Billy had not influenced American policy toward Libya, and there had been no administration cover-up, did not silence criticism at the Senate investigation yesterday.

Unusual, If Not Bizarre? On the Republican side, Sen. Richard Lugar of Indiana called the president's use of his brother as a diplomatic intermediary "unusual if not bizarre," and a Democrat, Sen. Frank Lautenberg of New Jersey, questioned whether the State Department would have turned to someone whose background was basically as a gas-station operator.

They and others echoed the politically damaging charge by Sen. Robert Byrd, the majority leader, at Mr. Carter's show of "bad judgment" and rather amateurish handling of foreign policy. The immediate issue was whether the White House documents released yesterday would strengthen this criticism: they showed the president vacillating between approving and encouraging his brother's contacts with the Libyans at some times, and discouraging them at other times.

In October, 1978, for example, a president said he had sent his brother a State Department report on Billy's visit to Libya with a handwritten note commending him for his successful visit under "dry" circumstances.

By early the next year, he said he was deploring some of his brother's remarks about Libya and American

Libya's World Posture Since Col. Moamer Qadhafi seized power in 1969, the Libyan government has been a militant opponent of Israel, has aided and condoned Palestinian terrorists, given military support to the brutal regime of Idi Amin in Uganda, and broken normal relations with several developed countries.

Last December, the American embassy in Tripoli, Libya's capital, was burned down. Libyan diplomats have been expelled, accused of harassing and intimidating dissidents in the United States. Last spring, Libyan exiles thought to be opponents of Col. Qadhafi were killed in attacks in Rome, Athens and Bonn.

Moreover, U.S. intelligence agencies have over a period of years detected indications that the Libyan government was seeking influence in the United States through labor organizations, black groups, oil companies and other politically well-connected individuals.

I Told Zbig... But in November, 1979, at the suggestion of his wife, Rosalynn, the president said he had suggested to Zbigniew Brzezinski, his national security adviser, that Billy Carter could help set up a White House meeting with the Libyan representative in Washington. "I told Zbig to call Billy to follow up on his report that the Libyans might be willing to help us with the Iranian situation," the president said.

But by July 1, he had concluded that his brother "has been acting as their (the Libyans) agent apparently," and had urged him to register as a foreign agent, although he was still resisting. "This can become an embarrassing incident later on, particularly with American Jews," the president noted in a comment for his private files.

What has fired controversy and criticism here is not only the fact that Billy Carter received \$200,000 from the Libyans, but also the nature of the Libyan government itself.

"Billy Carter was not undertaking activities with Canada or France, for instance, and it is important to understand the nature of Libyan activities in this country and the world," said Robert Kelly, the Senate minority counsel.

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Moreover, U.S. intelligence agencies have over a period of years detected indications that the Libyan government was seeking influence in the United States through labor organizations, black groups, oil companies and other politically well-connected individuals.

Given that background, a number of Congressmen have questioned whether the president should have involved his brother in any contact with Libya or could reasonably contend that he was powerless to curtail his brother's close ties with the Libyan authorities.

Nonetheless, political leaders around the country report a sympathy for the president's perplexity in dealing with a younger brother who has seemed bent, at times, on embarrassing Mr. Carter. Democrats also claim that attempts of some Republicans to make comparisons to Watergate are backfiring among the voters.

"What I find back home is that most people don't judge the president on the Billy Carter affair," said Rep. David Obey, D-Wis., who broke with the president over the weekend. "I think there are other problems that are more serious — like his general handling of the economy."

For many politicians, the Billy Carter affair has become a symbolic barometer of the president's weakness. Thus, the key test now is whether yesterday's tactics will stem the erosion of support among Mr. Carter's 2,000 Democratic convention delegates for a new rule that would require all delegates to abide by earlier pledges. If it passes, the rule will guarantee Mr. Carter's re-nomination.

But at the moment, barring further startling revelations in the Billy Carter affair or some unexpected political developments — and no one would rule them out, most Democratic politicians felt that Mr. Carter had put himself in a strong position to weather the storm and emerge with the nomination.

The president's comments, in response to several questions, were the second time in three days that he has forcefully opposed the open convention idea. Last night he did so in the context of questions about his troubles with his brother Billy's ties to Libya, his low ratings in the polls and the nation's economic problems.

Mr. Carter acknowledged that he was now trailing Ronald Reagan, his Republican challenger, by a large margin in the polls. In 1976, he noted, however, President Gerald Ford was trailing by an even greater margin, and Mr. Ford nearly caught Mr. Carter by the election in November.

"Polls go up and down," Mr. Carter said, adding that polls "ought not to be the deciding factor" in the vote for an open convention. The vote is scheduled to take place next Monday, the first day of the convention.

"These are not my delegates, they're the Democratic voters' delegates," Mr. Carter said at his news conference at the White House.

This so-called open convention, which is a phrase that's been used by Sen. [Edward] Kennedy and others and picked up broadly by the press is a gross misnomer," he said. "What they are actually calling for is a brokered convention, to induce those delegates to violate their signed pledge or oath that they would go to the convention and vote in accordance with the way the voters cast their ballots back home."



Billy Carter watched the presidential news conference at a motel in Americus, Ga., Monday night. The president denied any influence by his brother over U.S. policies regarding Libya.

Carter Again Appeals to 'His' Convention Delegates

By Steven Weisman

WASHINGTON, Aug. 5 (NYT) — President Carter, acknowledging his low standing in the opinion polls, appealed again last night to his delegates not to vote to release themselves from their pledges to support him at the Democratic convention this month.

"These are not my delegates, they're the Democratic voters' delegates," Mr. Carter said at his news conference at the White House.

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The open convention proposal, allowing delegates to vote as they wish, is being advanced by Sen. Kennedy and others so that the Democratic convention might nominate someone other than Mr. Carter, who has enough delegates pledged to him to win the nomination.

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American Listed In Alleged Plot On Marcos, Wife

MANILA, Aug. 5 (AP) — The Philippine military announced today that it has charged the American son-in-law of a prominent industrialist and publishing magnate with plotting a bomb assassination of President Ferdinand Marcos and his wife.

The American, reportedly now in California, was identified as Steve Pinaris, son-in-law of the late Filipino industrialist and publishing magnate Eugenio Lopez Sr., who died while living in exile in the United States.

Lopez owned the Manila Chronicle newspaper as well as the Chronicle Broadcasting Network, the nation's largest television chain. His brother Fernando was vice president of the Philippines until martial law was declared by Mr. Marcos in 1972.

The 11 Filipinos in custody include former Manila newspaper executive Eduardo Oliguer. A trial of the entire 20 began last month on subversion charges but new charges were announced today after a review of the evidence.

The military described them as leaders and members of an underground movement called Light a Fire.

In a related political matter, he said that the open convention idea, coupled with talk of giving the presidential nomination to Secretary of State Edmund Muskie, had created no strain between himself and the secretary.

Answering other questions, Mr. Carter defended his administration's record in the economy and other areas. He specifically denied that the way the Billy Carter matter had been handled had contributed to a "general aura of incompetence" in his administration.

"We have economic problems," he said. "I think every nation on Earth has them — some much worse than we. We've made some progress." He then predicted "more progress" on inflation "in the next few months."

Eased Racial Tensions He also reiterated his support for economic measures to help blacks and said that his effort to send Attorney General Benjamin Civiletti to Miami had helped ease tensions there among those who felt that certain civil rights cases were not being pressed forcefully.

Asked if there were any circumstances under which he would agree to an open Democratic convention and to release his delegates, Mr. Carter replied firmly, "I have no plans to do that."

Saying he ran in all the primaries and caucuses and won about 60 percent of the 19 million Democratic votes cast, he said, "They are not

my delegates — they are the Democratic voters' delegates."

"This so-called open convention is a misnomer," he said. Those calling for it, he said, were calling for a "brokered convention" and would ask delegates to "violate their oaths" to the voters under rules to which all candidates had agreed.

"This puts back 10 years the progress the Democratic party has made to democratize the process," he said. "It is a very simple clear issue — they ought to vote the way the voters back home told them to."

Asked whether he was promising in his campaign four more years of the same policies or changes in the policies, Mr. Carter responded that he was offering "four more years of the same president with changes and progress to be achieved during those four years."

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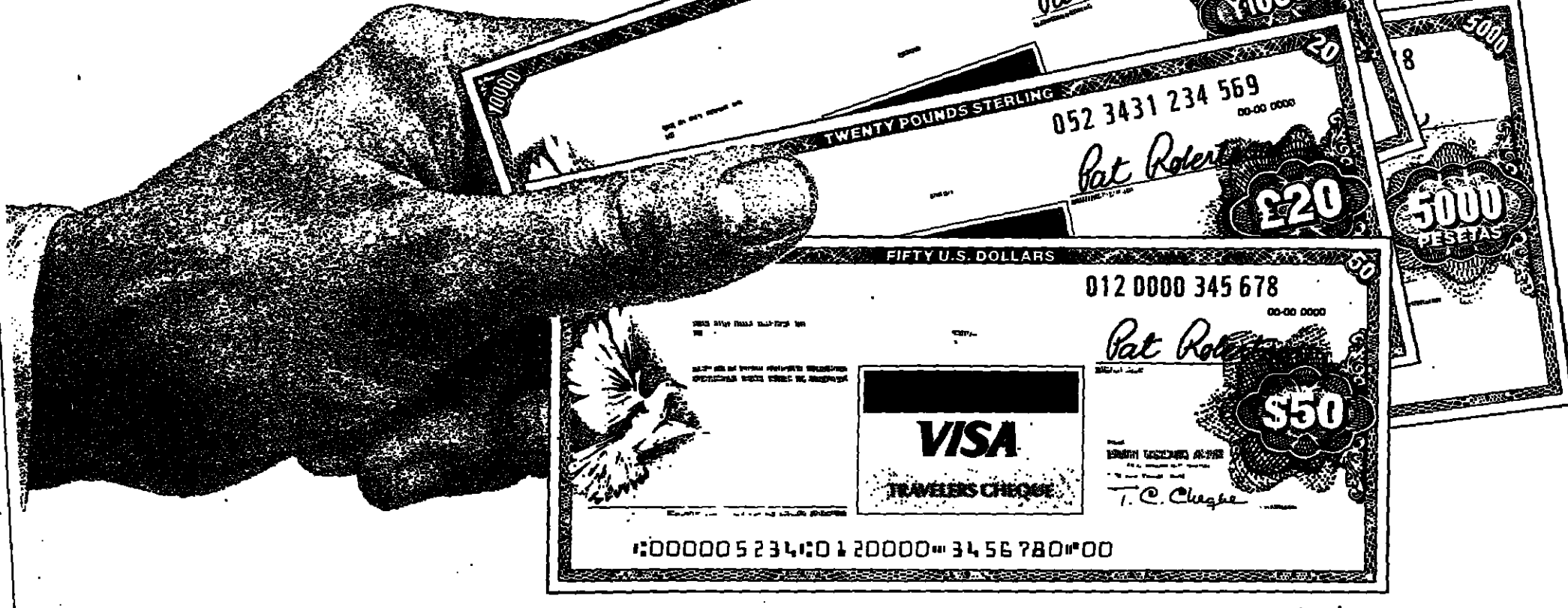
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Iranians Ask Pope's Help For Students Held in U.S.

TEHRAN, Aug. 5 (Reuters) — Demonstrators protesting the arrest of nearly 200 Iranian students in the United States staged a sit-in today outside the Vatican's diplomatic mission in Tehran, calling on Pope John Paul II to intervene.

Several dozen men and women who said they were members of the Islamic Society of Textile Workers camped outside the papal mission and said they would stay there until the Pope makes some effort.

In London today, about 75 Iranians arrested during a demonstration outside the U.S. Embassy in London last night appeared in court today and remained in custody after almost all refused to give their names and addresses. The Iranians claimed that they would not identify themselves and would start a hunger strike until they saw diplomats from the U.S. Embassy.

The Iranians were arrested last night in running battles with police who tried to break through lines of police guarding the U.S. Embassy in Grosvenor Square. They were protesting the detention in the United States of 192 Iranian demonstrators arrested in Washington last month.

The action in Tehran was a violent anti-American campaign which has gathered pace since demonstrators supporting Ayatollah Khomeini were arrested in Washington July 27.

The textile workers began their sit-in before dawn as over 200,000 people prayed and chanted outside the occupied U.S. Embassy in a four-hour protest over alleged atrocities against the detained students.

In another development, the Iranian parliament today refused to allow a leading moderate, Adm. Abolmohammad Mousavi, to take his seat. Mr. Adani, a former presidential candidate, said today.

U.S. Journalist Called to Testify In Moscow Case

MOSCOW, Aug. 5 (WP) — A Soviet prosecutor yesterday notified Kevin Klose, the correspondent of The Washington Post, that he was to appear as a witness in an unspecified legal proceeding.

Mr. Klose, who was recently criticized in the official press for dispatches about reported strikes in Soviet auto plants, said that he was not told clearly whether it was a civil or a criminal case.

He said that he had received written notice that he was to appear today before a prosecutor named Ponomarev at the Moscow city prosecutor's office. When Mr. Klose telephoned to find out what the case was about, he was told his appearance was a matter of urgency.

Mr. Klose, who has been here since the summer of 1977, said that he told the prosecutor that he had planned to leave for the United States on a vacation this morning. After several exchanges, Mr. Klose said, Mr. Ponomarev agreed that "our conversation can be continued" after he returned on Sept. 10, and gave him permission to leave.

Mr. Klose did not refuse to appear as a witness. Soviet law makes such refusal punishable by up to six months' forced labor or a 50-ruble (\$15) fine.

Discard-Thatcher Talks PARIS, Aug. 5 (Reuters) — French President Valéry Giscard d'Estaing will confer with British Prime Minister Margaret Thatcher here Sept. 19, Elysee Palace officials said today.

Ex-Ministers in U.K. Assail Labor Leftists

By R.W. Apple Jr.

LONDON, Aug. 5 (NYT) — Three leaders of the Labor Party who served in the Cabinet of former Prime Minister James Callaghan have issued a call to arms against their party's left wing.

In an open letter published last week in two national newspapers, The Guardian and The Mirror, the three stepped up the internal war that threatens to split the party and all but guarantees a turbulent party conference this fall.

The three are David Owen, William Rodgers and Shirley Williams. Mr. Owen, 42, Mr. Rodgers, 51, and Mrs. Williams, 50, are all considered potential leaders of the party. They attacked the party's national executive committee for supporting policies such as unilateral nuclear disarmament, withdrawal from the European Common Market and protectionism.

The left-wing majority on the committee, they said, wants policies "based on bureaucratic centralism and state control, policies that offer no improvement in the quality of life here in Britain and that appeal only to a doctrinaire minority of party supporters."

"Such policies," the three politicians added, "are deeply unattractive to the very voters we need to win, and to win back."

Mr. Owen, Mr. Rodgers and Mrs. Williams argued that if the national executive had its way, support for a new party proposed by Roy Jenkins, another former Labor Cabinet

minister, would increase rapidly. They reiterated their refusal to support Mr. Jenkins. But they issued a blunt warning: "If the Labor Party abandons its democratic and internationalist principles the argument may grow for a new democratic socialist party to establish itself as a party of conscience and reform committed to those principles."

The language of the 3,000-word letter was unusually strong, and it brought a sharp rejoinder from the more radical members of the party. Frank Alloush, a former party chairman and a member of the national executive, called on Mr. Owen to resign as shadow energy spokesman and Mr. Rodgers as shadow defense spokesman, and on Mrs. Williams to resign as a member of the executive.

"In attacking the national executive committee," he said, "these three right-wingers are attacking the Labor Party itself — that is, the trade unions and constituency parties which comprise it."

Mr. Owen, Mr. Rodgers and Mrs. Williams by implication attacked not only Anthony Wedgwood Benn, the leader of the left, but also Mr. Callaghan, the leader of the party and of its right wing. They said they could not accept the view of those who "believe that soft words and a little skillful evasion of the issues can paper over the cracks again."

Radical Course

The struggle in the Labor Party is taking place as Prime Minister Margaret Thatcher has committed her Conservative Party to a radical course. Mr. Benn and his allies believe Labor must respond with an equally radical program, and they insist that the party would have won last year if Mr. Callaghan had not been overly moderate.

In their letter, the three Labor leaders said that "the election results indicate that the opposite is true." Noting that the Communists and other similar parties fared badly, they asserted, "the voters who deserted Labor did not go to the far left; they went to the Tories."

At the party conference, which opens in Blackpool on Sept. 29, the conflict will take place on two levels. Mr. Owen, Mr. Rodgers, Mrs. Williams and their allies will be trying to prevail in the ideological disputes — the Common Market, nuclear weapons, the mixed economy, incomes policy — and on organizational issues.

The executive committee is pressing for three changes, all of which would increase the power of the left and decrease that of the parliamentary party, which is dominated by the right. The proposed changes would give the executive committee the exclusive right to draw up the party election manifesto, or platform; would widen the group that votes for the party leader, who is now chosen solely by party members in Parliament; and would force all Labor MPs to seek re-election before each election rather than gaining re-election automatically.

Soviet Boy Put In Illinois Care Until After Tests

CHICAGO, Aug. 5 (AP) — A Circuit Court judge ruled yesterday that a 12-year-old Ukrainian boy and his sister were in need of state supervision and psychological tests, frustrating at least temporarily their parents' attempts to take the boy back to the Soviet Union.

After a closed-door meeting with lawyers, Judge Joseph Mooney recommended that Walter Polovchak and his sister, Natalie, 17, live for now with an aunt and uncle in Chicago, but he ordered them to visit their parents at least three times a week. He also ordered them placed in the custody of the Department of Children and Family Services until a Sept. 9 hearing on their status.

Lois Lipton, an American Civil Liberties Union lawyer present in the judge's chambers, said later that "the judge's intent is to return the child to his parents when he deems it appropriate." The ACLU is representing Walter's parents.

Walter was granted temporary political asylum in the United States when he said that he did not want to return to the Ukraine with his parents, who immigrated from there seven months ago and then decided to return. Natalie has her own visa and also wants to remain in the United States.



"We'll have to allow for a little adjustment in the year 2100," he said.

His eyes twinkled. The finely-etched gold case gleamed in his hand.

This was no ordinary watch.

Its exquisitely enameled face showed the day, the month and the phases of the moon as well as the time and date.

The man explained how months of craftsmanship had made this "Perpetual Calendar" one of the most sophisticated and accurate timepieces ever created by the human hand.

Except for one small omission.

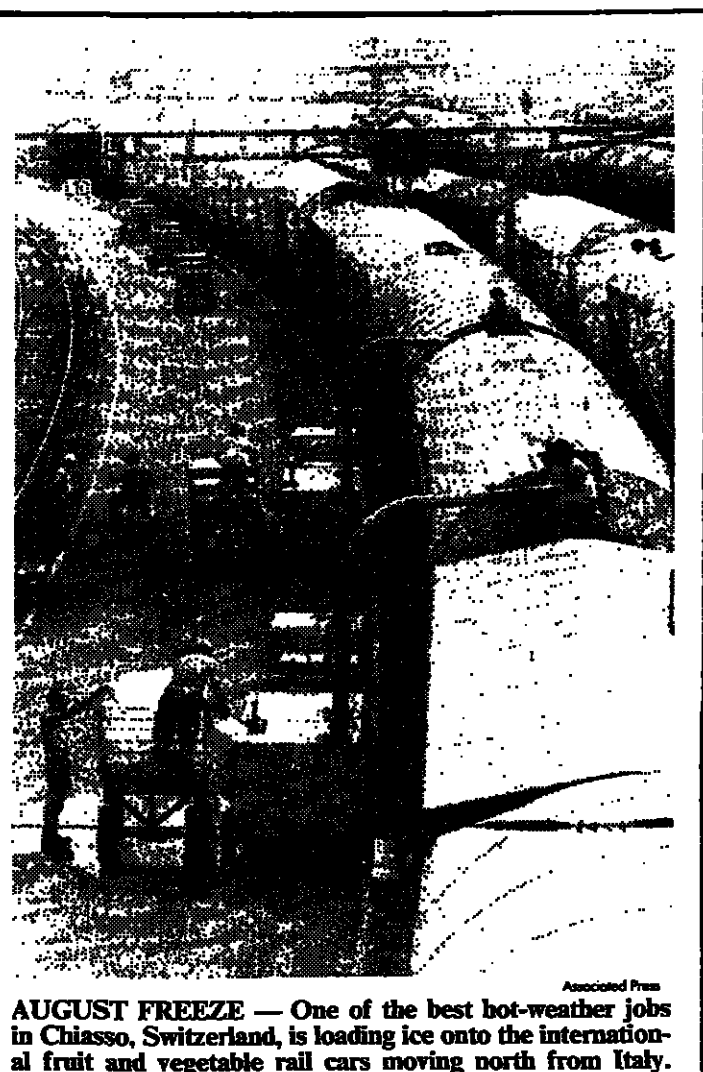
"Following the normal four-year cycle," he elaborated, "2100 should be a leap year. But it's not. It happens to be the one year in centuries in which our calendar catches up. There'll be no February 29th in 2100."

"That will make it difficult," I commented, "for any lovely young lady wanting to propose to me."



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AUGUST FREEZE — One of the best hot-weather jobs in Chisasso, Switzerland, is loading ice onto the international fruit and vegetable rail cars moving north from Italy.

Austria Shaken by Complex Hospital Construction Bribery Scandal

By Stephen H. Miller

VIENNA (AP) — Politics in normally placid Austria have been fired up by a bribery scandal described as the biggest in the country's postwar history.

Hundreds of millions of schillings are believed to be changing hands illegally in the building of Vienna's new general hospital, whose two square towers dominate the city skyline.

Chancellor Bruno Kreisky has been pressed by Austrian newsmen about calling new elections over the affair, one so complicated that television commentators have used charts to explain it to viewers.

Jailed for Investigation

Meanwhile, seven businessmen and two minor public officials have been jailed pending investigation.

Austria's opposition People's Party has used the scandal to attack Mr. Kreisky's Socialists — and both parties have used it to batter the small Freedom Party.

Ranking officials of the Kreisky government steadily deny any top-level responsibility in the affair, which has brought reports of mysterious bank accounts in Liechtenstein, involving jewelry, gold bars, and a mysterious yacht.

"If there is scandal, then it is that something happened within the circle of private firms," Finance Minister Hannes Androsch said at a news conference last week.

Mr. Androsch is the owner of a tax consulting firm that, early in the hospital affair, was found to have received business related to the project. The project is costing the equivalent of \$3.25 billion and was in the planning stage for about 20 years.

The finance minister has protested that he has not been involved in his firm's management since he

joined the government. A former manager of the firm has been quoted by newspapers as saying it got its business, even though foreign firms put in lower bids, because it was the only one that met contract specifications.

A court commission and a parliamentary committee are investigating payoff allegations, first made by the Austrian magazine Profil.

Britain's Arab Boom Goes Bust

By Nikki Finke

LONDON (AP) — The Arab boom in Britain has gone bust.

Fed up with the country's rising prices and disgusted with what they regard as the greed of some London entrepreneurs, many of the oil-rich Arabs who poured billions of dollars into Britain's economy during the 1970s are moving to the United States.

"They were being ripped off. I don't blame them for going away," lamented James McCormack, a London car rental agent who has leased Rolls Royces and Mercedes automobiles to the Saudi royal family. "It has gotten so bad that as soon as Britons see an Arab coming, they charge prices that look like telephone numbers."

"The Arabs have packed their tents and run away," the London Daily Mail said in a recent commentary. "Britain, and especially London, has killed the goose that laid the golden egg."

Though Arabs account for only 6 percent of Britain's foreign visitors, they make up nearly 16 percent of Britain's tourist revenue, according to the British Tourist Authority.

Spending Spree

It says Middle East visitors poured the equivalent of \$1 billion into Britain's tourist trade in 1978, the year when the Arab spending spree reached its height in this country.

Since then, however, the number of visitors has declined. About 638,000 Arab tourists came to Britain in 1978. But the number decreased by 60,000 in 1979 and are expected to go down by an additional 100,000 by the end of 1980, Tourist Authority officials say.

"There is a steady decline," said David Barrow, head of the tourist authority's Middle Eastern desk, which is trying to lure the Arabs back to Britain. "My own feeling is that we have made many, many mistakes."

Eager to invest their oil profits when the fuel price quadrupled after the 1973 Middle East War, the Arabs soon displaced Americans as Britain's biggest spenders in the last decade.

The effect of the Arab boom was evident almost everywhere. London taxis began carrying posters advertising restaurants that cater to Middle Eastern tastes. Many hotels posted signs in Arabic. Banks boasted about the ease with which Arabs can transfer funds from the Gulf.

But soon some Britons began to complain about London catering to the Arab trade. The Arab visitors, who arrived with cash ready to buy everything in sight, were blamed for London's rising property values, soaring apartment rents and even the rising cost of jewelry and clothes in the top shops.

"I am amazed at people's double standards," said Raymond Bloomfield, whose London real estate firm has handled many deals for Arabs wishing to invest in Britain's prime property. "They will play hell with me for selling someone else's house to an Arab and then, when they come to sell their own, they ask me if I've got any good Arabs on my books."

"Shrewd and Careful" Commented one diplomat at the United Arab Emirates Embassy here: "The image of the British as being rather fair has been severely tarnished in recent years. My impression is that Arabs are no longer naive about this and are now shrewd and careful."

Britain's inflation rate this year has surged past 21 percent and a strengthening pound has made the Arabs' buying power in Britain weaker. The car-lure business with Arabs, for example, is down as much as 75 percent this year over 1978, executives say, and 35 percent less clothing is being bought by Middle East tourists.

At the Harley Street Clinic where rooms cost the equivalent of \$150 to \$200 a day in a country where medical care is provided free to its citizens, the number of patients from the Middle East has dropped 30 percent, officials say.

"Doctors and dentists had come to think that every day was Christmas Day," explained Dr. Stanley Balfour-Lynn, chairman and chief executive of American Medical [Europe] Ltd., which runs the prestigious Harley Street Clinic and Princess Grace Hospital. "Arabs can get cheaper treatment elsewhere — and they are."

The consensus among shop owners, government officials and others involved in the tourist trade is that the Arabs see greener pastures in the United States, especially in California and Florida, which have climates similar to those of their homelands.

"It's half as dear over there as it is here," said Mr. Barrow. "British inflation, the strong pound and the value-added tax all impacted on visitors to our country, including the Arab. It is a mistake to think of every Arab as having an oil well in his back garden — many of them are watching their money like everyone else."

Indefatigable Mars Orbiter Nears Demise

PASADENA, Calif., Aug. 5 (UPI) — The Viking-1 spacecraft appears to be near the end of its useful life after circling Mars for more than four years — a longevity that has surprised scientists.

After sending back a wealth of material on Earth's neighbor planet that will keep scientists busy for a decade, the satellite is running out of gas, according to scientists at the Jet Propulsion Laboratory.

"This week should see the end of operations," Kermit Watkins, the Viking project manager, said yesterday.

The spacecraft, whose flight was one of the highlights of the U.S. Bicentennial in 1976, was to operate for 90 days. Scientists were surprised when its mission continued into the next year. In 1978, they predicted its end was near. They were wrong.

But after 49 months, the spacecraft is almost out of attitude control gas. "It will go into a tumble when the last of the gas is exhausted, but will continue orbiting Mars for many, many years, well into the next century," Mr. Watkins said. "We are just waiting for it to run out of gas."

Prince Charles to Nepal LONDON, Aug. 5 (AP) — Britain's Prince Charles will visit Nepal in December after a planned trip to India, Buckingham Palace said today. The prince last visited Nepal in 1975 for the coronation of King Birenda.

Rep. Harold Runnels NEW YORK, Aug. 5 (AP) — Rep. Harold Runnels, 56, a New

Roosevelt Was Fascinated by Reports

Fiction by Agent at Vatican Duped the OSS

By Thomas O'Toole

WASHINGTON, Aug. 5 (WP) — When he went to work for the Vatican in mid-1944, Virgilio Scattolini also went to work for the Office of Strategic Services, the wartime precursor of the CIA.

Overnight, Scattolini became a prize agent of the OSS. His reports were so prolific and valuable that the OSS kept one man in Italy doing nothing but translating and cabling them to Washington.

The verbatim accounts of private meetings between Pope Pius XII and church leaders were priceless pieces of European intelligence. Scattolini's recitations of the pope's secret audiences with German and Japanese ambassadors to the Holy See rang so true that the cables were rushed to the White House for President Franklin Roosevelt.

Keep them coming, the president's secretary, Grace Tully, wrote the OSS in 1945. "The president finds this material most interesting and reads every one carefully."

Peace Feelers

Scattolini was the intelligence source for the first peace feelers from Japan and the first signs of civilian unrest in war-torn Germany. He told Washington what the Russians were telling the Japanese in the Pacific. He flashed the news that Japan was thinking of breaking its axis with Germany and that Japan's industrialists were gaining influence over Japan's militarists.

There was only one problem with Scattolini's reports. He made them all up.

He concocted his fictional dispatches because he needed the \$500 a month the OSS was paying. He invented papal meetings. He fabricated dialogue. He lied for the better part of a year about what went on inside the Vatican.

When the OSS realized how badly it had been taken, two of its top officials buried the Scattolini file. 1,700 cables and documents — on a farm in Maryland.

The file was unearthed around 1960 and returned to the CIA, where it has resided in secrecy for 20 years. This is the first public account of the embarrassing episode. Sources say the documents were given back to the CIA by one of the persons who buried them, as part payment for being rehired.

Two presidents, Roosevelt and Truman, died not knowing that the Vatican files they read so avidly were false. Best-selling books were published about U.S. intelligence exploits, including what came out of the Vatican, their authors unaware of Scattolini and his fraud.

Those taken in by Scattolini's sham read like a "Who's Who" of U.S. intelligence. They included OSS chief William Donovan and James Angleton, head of CIA counterintelligence for a quarter-century. He was Scattolini's case officer in Rome in 1944 and 1945.

"This operation provides an un-

sual illustration of a papermill or fabrication operation," reads an understated 1949 CIA footnote to the Scattolini file. "It also illustrates the danger of accepting at face value the product of an intelligence operation which has not been secured by adequate counterespionage investigation."

Public Domain

The file is now in the public domain, due largely to a quest for information about the Vatican's role in World War II by Robert Graham, a Jesuit priest. A native of San Francisco and a Vatican historian for the last 15 years, Mr. Graham tracked down the file and sprung it loose from the CIA last year with a Freedom of Information Act request.

There is no evidence anywhere in the CIA's Scattolini file that any U.S. intelligence agent ever met him. Mr. Angleton never laid eyes on Scattolini. Mr. Angleton's contact was an Italian named Filippo Setaccioli, who collected Scattolini's reports and passed them on.

The Angleton contact said Scattolini was in direct contact with the Vatican secretary of state, who then was Monsignor Giovanni Battista Montini, later Pope Paul VI. Among other things, Montini had custody of the Vatican archives where Scattolini said the minutes of the pope's most secret audiences were kept.

"The procedure of the papal audiences," says one document in the CIA file, "is the following: After each audience, Monsignor Pio Ruffini, private secretary of the pope, bears personally from the pope what was said. He often takes a rough copy that the pope consults so that it may be required for the archives."

In fact, according to Mr. Graham, no minutes were kept of any audience. Pope Pius XII had. Even today, he said, there are no records anywhere in the Vatican of audiences by Pius XII with cardinals, church leaders or anyone else.

"If he kept any records, we sure don't have them," Mr. Graham said. "Even when Churchill came to see the pope after the fall of Rome in 1944, we have no record of their conversation."

That did not deter Scattolini. He transcribed no fewer than 20 audiences he said the pope held and sent them to the OSS. He passed on the exact dialogue of audiences the pope supposedly had with Roosevelt aide Harry Hopkins, U.S. 8th Army Gen. Mark Clark, U.S. Ambassador Myron Taylor, Jesuit commander-in-chief Norberto Boynne, Japanese Ambassador Kato Harada and Gen. Dwight Eisenhower.

A sometime writer of pornographic plays, Scattolini brought skill to the task of inventing dialogue. He had the pope say he was considering the nomination of New York's Cardinal Spellman to be Vatican secretary of state. The appointment Scattolini's fictional pope said could lead to Spellman's election as the first U.S. pope.

Great Dialogue

Scattolini's papal dialogue of fered grand speculations. He had the pope tell Cardinal Pietro Fumasoni Biondi: "Defeat will change Japanese mentality for the better, it will develop the best qualities of that people, and Japan will become promising ground for the propagation of Catholicism."

But Scattolini made a major mistake. He invented a Vatican meeting between Taylor, the U.S. ambassador, and Harada, his Japanese counterpart, at which he reported they discussed the possibility of peace. It was the first face-to-face meeting of any U.S. and Japanese diplomat since Pearl Harbor. U.S. intelligence circles were agog.

Someone asked the State Department to cable Taylor in Rome for more details. Back came Taylor's reply: "I have not seen or talked with Ken Harada. I do not even know Ken Harada."

Incredibly, the OSS still refused to accept the idea that Scattolini had been fabricating his Vatican reports. The OSS continued to pay him \$500 a month for his papal dialogue reports until the end of the war in the Pacific. Only one thing changed: The OSS stopped passing the reports on to the White House and State Department.

When the war ended, the secret intelligence branch of the OSS lost all interest in Scattolini. But the counterintelligence branch did not.

New Clients

Scattolini stayed in business in the postwar years, peddling Vatican information to the Italians, the Argentines and even the Swiss. U.S. counterintelligence did nothing to stop his commerce, but kept an eye on him.

Then, during the 1948 election in Italy, Vatican "documents" suddenly showed up in wide circulation by the Communist-dominated Popular Democratic Front, part of an anti-clerical campaign organized in the campaign's crucial final months. The source of the documents was Scattolini.

It was too much for CIA counterintelligence. Two top OSS officials flew to Rome for an audience with the pope and showed him their documentation of Scattolini's frauds. The pope called in the Italian police, and Scattolini was arrested under an Italian law that prohibits offenses from harming Italy's relations with the Vatican.

Scattolini admitted his frauds. Yes, he fabricated documents showing the Vatican to be in cahoots with the Italian and U.S. governments. Yes, he made up conversations between the pope and the Italian president. Yes, he invented talks between the U.S. ambassador and the secretary-general of the Jesuits. He was sent to prison.

"He was a counterfeit spy," said Mr. Graham. "A plain Italian journalist with a powerful imagination and no scruples. He took Uncle Sam — hook, line and sinker."

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Ella Winter Stewart, Activist of 1930s

LONDON, Aug. 5 (AP) — Ella Winter Stewart, 82, an early champion of migrant farm workers in Southern California, died here early this morning, three days after the death of her husband, scriptwriter Donald Ogden Stewart.

Mrs. Stewart was born in Melbourne, Australia. Her family came to London in 1910 and she was graduated from the London School of Economics. Harold Laski, a professor at the school and a leading British Socialist, recommended her as an assistant to the U.S. delegation to the Versailles peace conference following World War I.

While there she met and fell in love with American journalist and muckraker Lincoln Steffens. They married in 1924.

The family moved to Carmel, Calif., in 1926. In 1931 she went to the Soviet Union and on the basis of her visit wrote a book called "Red Virtue" about the new roles women were playing in Soviet life.

In the 1930s she engaged in radical activities largely centered on the struggles of migrant farm workers around Salinas, Calif.

After the death of Steffens in 1936, she married Donald Ogden Stewart in 1938. Mr. Stewart, 85, who won an Oscar for "The Philadelphia Story," died here Saturday.

In 1944, working for The New York Post, she went to wartime Russia, after which she published a second book "I Saw the Russian People."

She devoted herself to peace congresses in the late 1940s to try to prevent a confrontation between the Soviet Union and the United States. She was blacklisted during the era of Sen. Joseph McCarthy and the couple settled in London in 1950.

Rep. Harold Runnels NEW YORK, Aug. 5 (AP) — Rep. Harold Runnels, 56, a New

Obituaries

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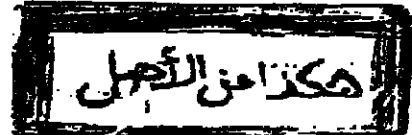
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The Ayatollah and the Law

Ayatollah Khomeini has now spoken up in behalf of his Iranian supporters, guests in the United States, who succeeded in bringing about a confrontation with the authorities in the District of Columbia two Sundays ago. He suggests that they are being "tortured" and otherwise mistreated in the federal prisons in which they now sit. Implicit in his words, and explicit in the words of others in Tehran, is a threat to make the 52 U.S. hostages pay — that is, pay more than they already have or otherwise would.

We think the ayatollah can safely relax. For his own reasons, he may wish to send expressions of solidarity to his countrymen, who have carried from the streets to their cells their refusal to acknowledge the writ of the U.S. government. What he may not fully understand, however, is that the United States is a country in which threats against the U.S. hostages are not necessary to ensure the fair treatment of the Iranian detainees. There is a framework of law and a tradition of due process, and these protect even foreigners who show contempt for them. That is precisely the difference between the United States and Iran.

Apparently to embarrass the U.S. government, the protesters are fasting. To complicate legal proceedings, they have been slow to provide personal data. But there are

humane ways to cope with a hunger strike and there are ways consistent with law and regulation to deal with immigration suspects. This is what should be done. It is, simply, the American way. The un-American way would be to suspend accepted standards of humane treatment and legality in order to punish the Iranians or to throw them out.

The contrast is irritating between the illegal, unjustified and punitive captivity of the U.S. diplomats and the privileges available to Ayatollah Khomeini's supporters. The latter have been able to live, study or work in the United States and to exercise a right of protest unknown in their homeland. Police who may have roughed up some of them at once came under challenge. In jail, they receive visitors and lawyers, are offered food on a Ramadan schedule, make phone calls, etc. It is especially galling that, having evidently violated the terms on which they were admitted to the United States, they resist submitting themselves to a legal deportation proceeding.

But just as the threats of the ayatollah should not lead Americans to treat the Iranian suspects better than the law dictates, so the irritation of Americans should not lead to treating them worse.

THE WASHINGTON POST.

Back to the Gold Standard?

The Republican platform hints at a return to the gold standard. What is one to make of that? It's true that a platform is not legally binding. After the campaign gets under way, it's what the candidates say that will count. But platforms reflect currents running in the parties, and views of the world. On those terms, they should not be entirely dismissed.

The platform declares: "The severing of the dollar's link with real commodities in the 1960s and 1970s, in order to pursue economic goals other than dollar stability, has unleashed hyper-inflationary forces at home and monetary disorder abroad." The real commodity foremost in the authors' minds, they say, was gold. The next sentence declares that it is now urgently necessary to restore "a dependable monetary standard." Since the people who wrote that language — Reps. Jack Kemp and David Stockman among them — are rising figures in the party, gold seems to be on the way back, at least in the political commodity markets.

In reality, the gold standard was in effect for only a short period — from the 1870s to the outbreak of World War I — and even then was never rigorously enforced. Those four decades were, incidentally, a time of repeated panics and crashes. In the United States there was inflation after the turn of the century because the price of gold fell. The idea that gold can promise stability is, on the historical record, incorrect.

Instead, it seems to work the other way

around. A gold standard is too rigid to survive amid rapid economic change. The attempts to resurrect it after World War I proved costly and unsuccessful. Over the past decade, it wasn't U.S. inflation that pushed the price of gold up over \$600 an ounce. It was, above all else, the sudden increase in oil revenues and the enormous flows of cash to citizens of small and unstable countries, who wanted their wealth in a form that was portable in an emergency and not easily tracked by the tax authorities. Their grab for gold would have destroyed any gold-based currency system in the 1970s.

But if the gold standard is a failure as practical policy, it continues to have importance as an expression of distrust for government itself. To those who embrace it, the charm of the gold standard is its automaticity. When a country begins to live above its means, its balance of payments goes into deficit and gold flows abroad. That shrinks the money supply, forcing business decline and unemployment. Inflation is avoided, although other economic evils are not.

The gold standard appeals to people who believe that calculated decisions by government can only make matters worse for the economy — that it's better to leave everything to the blind workings of a mechanical system. The return to a gold standard is a fantasy, but it floats on a suspicion of public policy that is altogether real.

THE WASHINGTON POST.

Live by the Sword ...

There has been an interesting development in Chile. Recently, gunmen assassinated the colonel who runs the army's intelligence school. The killing seems to be of a piece with some recent bank robberies and other signs of what the military dictatorship of President Augusto Pinochet suspects is the start of an "urban guerrilla war" mounted by extremists of the left. President Pinochet, who runs a tight ship, has thrown his full security resources — and they are formidable — into the hunt for the killers. Hundreds are reported to have been arrested. Few doubt that the assassins, if they are apprehended, will be dealt with severely. And not only the assassins.

Serious business, terrorism. All right-thinking people have got to be against it. If President Pinochet is really out looking for assassins, however, then — you will have guessed it — we have a suggestion for him. He should go calling on his close friend, Gen. Juan Manuel Contreras Sepulveda, the former head of the secret policy agency known

as DINA, and on Col. Pedro Espinoza and Capt. Armando Fernandez Larios. Those are the gentlemen, according to testimony in a Washington courtroom by one of their former agents, who planned the assassination of former Chilean Ambassador Orlando Letelier, who died with a U.S. colleague in a car bomb explosion in Washington in 1976.

President Pinochet, seven years after he took power, remains a pariah in the eyes of all but a few like-minded Latin leaders. He was even set up and publicly humiliated a few months ago by the Philippines' Ferdinand Marcos, himself no beauty in the human rights department. No single act has done more to solidify that pariah status than the commission and the cover-up of the Letelier murder. No doubt President Pinochet believes that he deserves wide support in his war against the terrorism directed at his rule. Let him show he also opposes the conduct of terrorism by his own regime.

THE WASHINGTON POST.

International Opinion

Better Than Khomeini?

Regarded objectively, the deposed shah's regime had its good and bad aspects. He genuinely intended to guide his country towards better times in which it would be attuned to the present day. To do so, he instituted reforms which, though popular among the rural peasants brought him the enmity of the

magnates and the landowning Shiite clergy. Finally, he allowed himself to be stampeded into over-rapid modernization and Westernization, which Iran proved unable to digest. Betrayed by his Western allies, the shah had little alternative other than to leave his country and abandon it to Khomeini's chaos.

— From the *Neue Zürcher Zeitung* (Zurich).

In the International Edition

Seventy-Five Years Ago

BERLIN — A telegram from Count von Goetzen, governor of German East Africa, reporting disturbances among the natives of the Matumbi mountains, near Kilwa, has caused uneasiness in official circles here. The news comes as a disagreeable surprise. The suppression of the South-West African rebellion has already cost 400 million marks without any tangible result and it had been assumed that permanent quiet had been secured in East Africa after the severe struggles of the first part of occupation. The origin of the movement is the hut taxation, about which frequent revolts have already occurred. Troops from Lindi have already been sent to quell the rebellion.

Fifty Years Ago

ASHLAND, Ky. — With only four more hours to perch before reaching his long-cherished tree-sitting record of 500 hours, a youthful "silly season" champion toppled today from his favorite limb and died of a broken neck. He was Nelson Macintosh. The lad had been up 496 hours and had won the hypothetical world championship, but had refused to quit until his favorite "even figure" of 500 hours had been set. Just as his mother was hurrying to the base of the tree with a hot refueling meal, Macintosh lost his balance from fatigue. He fell 40 feet and did not recover consciousness. Tree-sitting, which has become quite a craze in the Middle West, numbers several victims.



Reading Signals From North Korea

By Stephen J. Solarz

WASHINGTON — If a third world war ever breaks out, it is more likely to occur as a result of a renewed conflict in Korea than over almost any other regional crisis.

The two Koreas, separated only by a narrow demilitarized zone, have more than a million men under arms. In addition, there are almost 40,000 U.S. soldiers in South Korea, most of them just south of the demilitarized zone, who would inevitably be involved in any warfare. Furthermore, the United States has a mutual defense treaty with South Korea that obligates the United States to come to South Korea's defense should it once again be the victim of aggression.

Given the potentially explosive military situation there, and the U.S. desire to prevent the outbreak of another war in which it would surely be involved, it is clearly in the interest of the United States to explore all possibilities for a reduction of tensions on the Korean peninsula.

Unfortunately, in the absence of virtually any contacts of even an informal nature with the Democratic People's Republic of Korea for 35 years, it has proved extremely difficult to realize this objective.

Learn

Consequently, when I was invited to visit North Korea, on the suggestion of Norodom Sihanouk, the former leader of Cambodia, I decided to accept. Although I had no intention of trying to negotiate a settlement of the Korean problem, I did think it was important to learn firsthand the North Korean view of the Korean situation and to ascertain whether or not Kim Il Sung, the president of the Democratic People's Republic of Korea, was prepared to make any concessions that could lead to a reduction of tensions on the Korean peninsula.

Before going to North Korea, I first went to Seoul to get the benefit of the views of the South Korean government on North-South relations and a variety of other related issues.

During the five days I was in North Korea, I had extensive conversations with government leaders. I met for four hours with President Kim at a guest house in the Hamhung area, and for nine hours with Kim Yong Nam, director of the international affairs department of the Korean Workers' Party and a member of the top-level political committee.

At the same time that President Kim explained the views of his government on these questions to me, our discussions also gave me an opportunity to explain to him the positions of the U.S. government, which I support, concerning the presence of U.S. forces in South Korea and the basis on which the United States might enter into direct official contact with the Democratic People's Republic.

Rejection

During the course of our conversation, President Kim made it clear that North Korea had not changed its position on a number of the more fundamental matters currently dividing his country from both the United States and South Korea. For example, although he emphatically restated his call for the withdrawal of all U.S. forces from South Korea, he refused to accept the right of South Korea to participate as a full and independent partner in the peace negotiations.

President Kim also rejected the formula of cross-recognition, whereby the United States would agree to institute either informal or formal contacts with North Korea, provided that the Soviet Union and/or the People's Republic of China agreed to establish the same level of contacts with South Korea.

Furthermore, he rejected out of hand a variety of tension-reducing and confidence-building military measures that I suggested could be adopted, including the genuine demilitarization of the demilitarized zone, the establishment of joint patrols in the DMZ as called for by the armistice agreement, the creation of joint teams to repair the markers along the demarcation line and the provision of advance notification of military exercises. He said it would not be possible to reach agreement on such matters as long as the United States continued, as he put it, its policy of confrontation with North Korea and of providing military assistance to South Korea.

In response to President Kim's observations, I pointed out to him that it would be unrealistic to expect the withdrawal of U.S. forces from South Korea in the absence of a significant reduction of tensions on the Korean peninsula and that there was, in my judgment, no real possibility of direct talks or trade between the United States and his country without comparable contacts and relations between China and/or the Soviet Union and South Korea.

Flexibility

Despite President Kim's unyielding position on security issues, he did provide indications of flexibility on other matters of mutual interest and concern. First, he indicated that North Korea would be willing to participate in cultural, scholarly

and other kinds of exchanges with the United States, even in the absence of any direct diplomatic contacts between the two nations. I would hope that such exchanges could take place. I believe that the United States has a very real interest in encouraging North Korea to move out of its self-imposed isolation and toward improved relations with the United States and the West.

Even informal, nongovernmental contacts between the two countries, such as would occur in these exchanges, could lead to the adoption of more realistic attitudes on North Korea's part, particularly concerning its relationship with South Korea. Pioneering diplomacy paved the way for a significant improvement in U.S. relations with the People's Republic of China, and it is not conceivable that it could do the same for relations with North Korea.

Trade

Second, President Kim indicated his willingness to enter into an agreement with South Korea with-out preconditions on the reunion of families and the exchange of mail. He said that North Korea would no longer insist, as it has in the past, on the repeal of the anti-Communist law in South Korea as a condition for agreement on such matters.

Third, North Korea would be willing to enter into trade relations with South Korea, once again without any preconditions.

I consider these proposals to be encouraging gestures that, if translated into reality, could contribute significantly to a reduction of tensions on the Korean peninsula and to a better relationship between the peoples of North Korea and the United States.

What emerges most clearly from my conversations with both Kim Il Sung and Kim Yong Nam is the extent to which reunification is not only the major objective of North Korea, but the primary touchstone against which different policies and proposals are evaluated. The most significant differences between us, in these terms, is not the desirability of peaceful reunification but how best to achieve it.

It was not, of course, possible to find a basis for the resolution of all the differences between North Korea and the United States in the course of a single visit. But I believe that our conversations constituted a good beginning. Whether any of these promising openings leads to further progress remains to be seen. But whatever may happen in the future, I'm rather inclined to agree with Winston Churchill, who once said that "it's better to jaw, jaw, than to war, war."

Rep. Stephen J. Solarz, D-N.Y., was the first U.S. congressman to visit North Korea. He is a member of the House International Relations Committee and wrote this article for the *Los Angeles Times*.

French Textbooks on the U.S.

By William Pfaff

PARIS — Schoolbook prejudices can become the lifelong biases of those who study with those books. But they are also important for what they tell about the attitudes of those who write the schoolbooks. Since these writers usually are not specialists in particular subjects, but specialists in textbooks, what they say is likely to be a fairly accurate reflection of the conventional wisdom — and prejudices — of the society in which they write. Or at least the conventional notions of those serious-minded people who run the schools in our various countries.

Frances Fitzgerald, in the United States, has recently published a devastating account of how the writers of U.S. history textbooks in the last few decades have cravenly conformed to the passing prejudices of the country.

Another American, who is one of the very best foreign interpreters of French society, Laurence Wylie, has been examining what French schoolchildren are taught about the United States. Wylie is professor of French civilization at Harvard but is best known for his indispensable study of everyday French life, "Village in the Vaucluse." He and Sarelle Hennequin, his collaborator in this project, sponsored by the French-American Foundation, recently spoke about their findings to a small group in Paris. Their study has yet to be published, and the things that struck this writer as particularly interesting may not prove the most important or significant findings of the final report. Nonetheless, there are some things to be said.

Cut Off

Some of their findings are unsurprising. The French school texts tend to present Americans as cut off from their roots in European culture, deprived of history. The American child is said to be king of American life — and something of a monster. Americans are described as addicted to change, youthful in spirit. The success of the United States is, however, attributed (rather grudgingly) to the natural wealth of the American continent and not to the spirit (youthful or otherwise), character or hard work of Americans. Material consumption is said to be the national religion. All Americans are supposed to want to be rich, and the culture is one of comfort and pleasure. Americans are presented as a trifle simple.

But there are some less predictable views to be found in these French school text interpretations of the United States. Americans are said to be idealists, confusing ideas

with realities. But this idealism, while it sometimes has bad results, and is responsible for some of the nonsense in U.S. political life, also leads Americans into great adventures and idealistic experiments where more timid and cynical Europeans would shrink to go. Thus the exuberance and originality of U.S. civilization.

Bad Conscience

The materialism of American life is all-pervasive, according to these school texts, but is accompanied by a bad conscience, which comes from the Protestant-Puritan inheritance. U.S. violence is described, but given a dialectical interpretation. What happened to the American Indians during the march to the West, and to the slaves, as well as the high level of violence in ordinary society, are said to show that Americans will stop at nothing to impose and defend their way of life. Thus violence is presented as voluntary, and expedient. Americans are dangerous. But then the United States is also presented as the prototypically modern country, and the future (France's, as well as that of Western society as a whole) is said to depend upon the United States.

Finally, the United States is said to derive its power as a nation from the existence of a vast popular consensus on national goals and values. Compromises on government policy are said to be easy because there is very little real conflict of opinion. All Americans think alike — or nearly so. It's a totally homogeneous society. These French texts also suggest that this homogeneity of opinion masks the power exercised by the rich in the United States.

This argument of American homogeneity and conformity was made 30 or 40 years ago by American social critics, but no longer is true. The judgment was too facile even in the 1950s, and today is an anachronism. U.S. political controversy

between liberals and conservatives are often of near-religious intensity. The actual range of opinion in the United States is not half so wide as in most of Western Europe, but this does not diminish the violence of feeling. It may even increase it.

And since the early 1960s, passionate divisions have opened up anew on issues of fundamental values — on women's role in society and family, on sexual relationships, abortion, homosexuality, work and leisure, the relation of man to the material environment, the very purpose of work and existence. Ethnic as well as racial minorities now reject that assimilation to the old Protestant and Anglo-Saxon norms that they once desperately sought. This marks a profound change from the past. These groups now demand their "entitlements," and these specific claims by ethnic, social, class and racial fractions of the society are written into legislation on a large range of matters, from factory employment to postgraduate education.

The great U.S. political and social consensus of the past no longer exists. In the 1950s, this consensus was thought to make the United States different from other countries, providing the United States with a special moral authority in world affairs. Americans spoke as a united people. The shattering of this consensus (by the Vietnam War, but by a good many other things as well), is probably the most important U.S. political development of the last two decades. The crucial question in the future of the United States is whether a consensus will be recovered, and if so, on what terms. This fact is only now beginning to be understood in Europe. But it will be the crucial subject for the American-studies texts of the future.

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Carter Woes As Seen in Grass Roots

By David S. Broder

BEAVER ISLAND, Mich. — The last thing I remember writing before going off to the woods was a facsimile endorsement of a mythical movement to dump Walter F. Mondale from the Democratic ticket. A week later, I came back to town and found the pages full of talk about schemes to break Jimmy Carter's grip on the Democratic convention and nomination.

Talk about a joke getting out of hand! Reading back through the papers I missed, I can see that the Bill Carter affair and the behind-the-scenes "open convention" have been the hot topics for my brother and sister pundits.

Not Hot Topics

They have not been the hot topics here. The political contest that was in progress on our minds, here at the north end of Lake Michigan, was the primary that was held yesterday for sheriff of Charlevoix County. On a Pat Caddell intensity scale, that race was a 10 and the pseudo threat to Carter about a 1.

The island is Democratic in its leanings, but not, judging from the talk at the Shumrock and Macnough's general store, wildly enthralled in its enthusiasm for Jimmy Carter. They like Sonny Williams here because he came over from MacKinnon when he was governor and always danced with the ladies. They liked John Swanson when he was governor because he had guts. They liked John Kennedy because he was Irish. Since Swanson lost the governorship and Kennedy was killed, there haven't been many politicians that have made the islanders' hearts pound.

But the business, with the president's brother hits home.

Experts on Families

Relatives and in-laws are something on which the Beaver Island are experts. The families are large here and have intermarried in intricate patterns over the generations. The islanders' visitors that stay past the winter months (from November to May) arguing about who is whose cousin.

In this kind of community, it is understood that in a sense you are completely responsible for your relatives, and in another sense, you are not responsible for them at all. If they get sick, go broke or get in a jam, you help — no matter what if they go off and do something crazy or foolish, you shrug and laugh it off.

So far as the "open convention" is concerned, that has a different meaning here than it does to the warring Democratic tacticians in Washington. An "open convention" here means one where Walter Cronkite and John Chancellor are included in the negotiations and key decisions.

Captivated

My Beaver Island friends are not upset at all about delegates being told to vote for the candidate they pledged to support. They would be very upset if the Democrats switched candidates on them without discussing it with Bartlett Walters first.

They were captivated by the Reagan-Ford negotiations in Detroit, because it was a television drama. The fact that the real decisions were taking place in a room filled with Jerry Ford's pipe smoke did not bother them, because they were getting those minute-by-minute bulletins from Dan Rather and Chris Wallace about what might (or might not) be going on.

That suggests to me that the "open convention" forces are being singularly unimaginative in focusing on rule F(3)(C) or whatever it is. They are drawing a lot less interest with that tactic than Dick Dietrich did with his slide talk on the geological history of Beaver Island that opened Museum Week on the island metropolis of St. James. A lot more people are prepared to discuss the authenticity of reported findings of Petoskey stones (which polish handsomely) on these shores than will argue with you about rule F(3)(C).

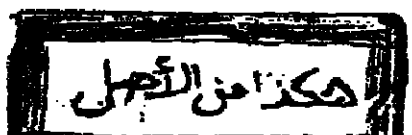
Something Dramatic

It is going to take something dramatic to make this fight come alive on Beaver Island. If the folks are trying to fix it so Jimmy Carter has to go back into the peanut warehouse business with Billy, they are going to get some interest, they may want to get George McGovern to visit the CBS booth in Madison Square Garden and hint to Cronkite that he would be available as a sunny candidate to replace Carter, while Sonny Williams simultaneously tells Chancellor he might consider an "enhanced" super-Mondale vice presidency.

Otherwise, this convention isn't going to get anyone to stop talking about the doings after the Cole wedding the other night — from which some of us are still recovering.

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BUSINESS NEWS BRIEFS

Turkey Board Approves BTR Tender Offer

WAKE FOREST, N.C., Aug. 5 (AP-DJ) — Huyck Corp., maker of felt and paper fabrics, said its directors unanimously approved the previously reported cash tender offer by BTR Inc. for all of Huyck's common shares at \$25 a share.

The companies said the tender offer is expected to begin Thursday. The companies also said that any Huyck shares not purchased in the tender offer will be acquired for the same cash consideration in a subsequent offer.

BTR Inc. is a subsidiary of BTR Ltd., a British rubber and plastics firm.

Opel Chief to Head GM World Auto Activities

KUESSELSEHEIM, West Germany, Aug. 5 (AP-DJ) — James Waters, chief executive of General Motors' Opel unit, is to become a GM vice president responsible for worldwide automobile activities outside North America, effective Sept. 1, Opel announced today.

Mr. Waters, who headed the West German carmaker for more than four years, will be succeeded by Robert Stempel, a GM vice president and general manager of the Pontiac division.

S. Moves to Block Getty Cable TV Venture

LOS ANGELES, Aug. 5 (LAT) — Less than four months after Getty Oil and four motion picture companies announced their plan to create a pay cable television network, the Department of Justice went to court to block the venture as anti-competitive.

United Technologies Gets Jet Fighter Order

WASHINGTON, Aug. 5 (AP-DJ) — United Technologies received a \$2-billion contract from the U.S. Air Force to produce F-15 and F-16 jet fighter engines for delivery next year. The 574 engines will be installed in planes sold to Norway, Denmark, Belgium, The Netherlands, Israel and Saudi Arabia.

Debt Service Grows for Poor Nations

By Jack Abouf

PARIS, Aug. 5 (AP-DJ) — Debt service payments of developing nations, which reflect the terms and conditions of the loans, are expected to rise by 22 percent this year, according to the International Monetary Fund.

But the growth of servicing is slowing down. For all developing nations, debt servicing is expected to rise by 22 percent this year, compared with an increase of 27 percent in 1979 and 38 percent in 1978, data released today show.

These compare with nominal increases in disbursed debts to the nine countries of 15 percent in 1980 (estimated), 16 percent in 1979 and 27 percent in 1978.

The OECD estimates this year's debt servicing of developing countries at \$38 billion, up from \$32 billion in 1979 and \$37 billion in 1978.

Longer Maturity

It points out, however, that the increase in servicing in 1978 and 1979 reflected higher interest costs

of borrowing on the market, a fall in the dollar's exchange rate, and early prepayment of bank credits which were re-borrowed at longer maturity.

Some 40 percent of last year's debt service consisted of interest payments, and 60 percent of amortization, which, in general, get rolled over through new borrowing.

About 87 percent of total debt service payments were due to OECD countries, almost exclusively to their export credit agencies and private creditors.

The overall disbursed debt to developing nations is expected to increase to \$450 billion by the end of this year, up from \$391 billion at end-1979 and \$336.6 billion at end-1978.

More than half of total Third World debt is accounted for by members of the Organization of Petroleum Exporting Countries, other net oil exporters and the five less developed members of the OECD.

Over the last 10 years the share of debt owed to OECD countries, including in international capital markets, has remained between 75

and 80 percent. But within that figure, the share of the private sector's claims, all at market terms, doubled to 50 percent, the OECD notes.

It points out that during the 1970s the share of least developed countries in total debt service remained fairly stable at less than 2 percent (and at 4 percent for the debt), while the share of OECD countries rose from 14 percent to 23 percent.

The latter is due to the fact that even those OECD countries with payments surpluses avail themselves of ample export credit financing because of the advantageous interest rates. Additionally, some OECD deficit countries still have low per capita incomes and depend on substantial foreign loan inflows, both official aid and non-concessional.

The OECD data shows the heavy concentration of Third World debt and debt service on a limited number of developing countries. In 1978, Brazil, Mexico and Spain alone accounted for 32 percent of total debt service.

Including Argentina, Iran, Algeria, South Korea, Saudi Arabia, Yugoslavia and Indonesia, the share of the 10 largest debtor countries grows to 56 percent.

The OECD notes that the concentration of debt service, with 75 percent of the 1978 total paid by 20 countries, "continued to remain high in 1979 and 1980."

It points out that low-income countries, with 61 percent of total Third World population and 18 percent of their gross national product, accounted for only 22 percent of the total debt in 1978.

This mainly reflects the fact that low-income countries have relatively lower current deficits and more access to grant resources, it adds.

A key aim of the loan is to support a hydroelectric project that could reduce the country's 90 percent dependence on imported oil and make it feasible to build a smelter for producing aluminum from local bauxite.

As the IMF puts it, this could help "set a solid base for a takeoff of the economy." The organization also foresees progress in paying overdue foreign debts, fighting inflation, increasing crop yields, encouraging savings, removing "obstacles to private initiative" and even improving "managerial and labor efficiency."

Ordinary demands on the IMF are growing as the latest wave of oil-price increases puts more countries in a payments pinch. Regular loans rose to \$2 billion in 1980's first half, nearly matching the level for all of 1979. And commercial banks are counting on the IMF to do much more of the oil-surplus recycling as they become nervous about their own lending.

It remains to be seen how keen the oil states will be about the new stress on slashing oil-import needs. Moreover, the Guyana loan brings the IMF much closer to the World Bank's turf of "project financing," even while the latter launches into non-project loans like the IMF's.

If bureaucratic collisions are averted by promises of closer collaboration, that might well raise the question of a merger, which would be anathema to poor countries fearful of facing a near-monopoly in official credit.

World Bank Boycott

ABU DHABI, Aug. 5 (Reuters) — Other Gulf countries will follow Kuwait and Saudi Arabia in withholding loans to the World Bank over the status of the Palestine Liberation Organization at the next joint meeting of the bank and the International Monetary Fund, the semi-official newspaper al-Ithad reported.

Al-Ithad said the Gulf states had adopted a joint stand with Kuwait and Saudi Arabia following contacts undertaken by the finance and industry minister of the United Arab Emirates, Sheikh Hamdan Bin Rashid. No official confirmation of the report was immediately available.

Cites Industry Layoffs

Ford Seeks U.S. Curb On Japanese Imports

By Peter Behr

WASHINGTON, Aug. 5 (WP) — Ford Motor asked the International Trade Commission yesterday to impose sharp limits on Japanese auto imports, accusing Japan of launching an import campaign "without apparent concern for the serious injury being caused to auto employment and investment in the United States."

Ford's petition to the ITC, a U.S. government agency, follows a similar petition filed in June by the United Auto Workers. It is likely to intensify pressure on Japan to restrain auto shipments to the United States, particularly when the new line of U.S. autos goes into production next month.

The ITC is investigating the impact of Japanese auto imports on the U.S. auto industry. Before it can recommend sanctions, it must conclude that imports are the principal reason for the current depression in the industry, which has left 40 percent of U.S. autoworkers unemployed and more than 900 auto dealers bankrupt, according to industry estimates. Led by Chrysler, the four major U.S. auto manufacturers have lost nearly \$2 billion in the first six months of this year.

The case before the ITC is expected to turn on a judgment of whether the damage to the U.S. manufacturers was also due in large part to high interest rates this spring and the recession in the economy or to management errors in the U.S. companies, according to congressional trade experts. If these factors also are given heavy weight by the ITC, it could reject the UAW-Ford petition.

Ford asked the ITC to impose a temporary import allocation among all exporting countries based on their share of the imported car and light truck market during the 1974-76 period.

The limit, if imposed, would permit importation of 1.7 million cars and 260,000 light trucks from all countries, with Japan getting 52 percent of the total.

Quarter of Market

This year, imported autos claimed more than a quarter of the U.S. market, led by Japanese manufacturers who had nearly 80 percent of the total.

"Time has run out for painless solutions," Ford said in a statement. "Ford would prefer that the Japanese government take voluntary steps to reduce exports but they have not done so."

If the ITC rules in favor of the UAW and Ford, it would propose a remedy — tariffs or quotas on Japanese imports — or a recommendation that the United States and Japan negotiate a voluntary limit on imports.

The ITC's decision is expected about the second week in November, a week after the U.S. presidential election.

[In Tokyo, United Press International quoted Japanese auto sources as saying today that Ford's move could be a tactic to pressure Toyota Motor into providing additional funds in a possible joint venture between the two auto giants.]

Joint Venture

[Toyota raised the possibility in June of a joint car-making facility in the United States with Ford, but UPI reported that Ford wants any joint facility to make more cars than the 100,000 or 200,000-a-year Toyota has suggested and is concerned that it would take three years to get the cars to buyers.]

[Another Japanese car official said that if the United States curbs car imports, "it is proof of its incompetence to produce fuel-efficient cars."

[Meanwhile, Toyota announced yesterday that it was raising the price of cars it sells in the United States for the fourth time this year — by an average of \$284.]

Several Attractions

The concept of oil-gas parity, which could boost average natural gas prices by three to four times depending on the contract, has several attractions for gas producers.

The increased revenues could be used for investing in pipelines or liquefaction facilities to harness much of the otherwise wasted gas. Also, the pricing equality would ensure consumers could not shift to natural gas to avoid paying higher oil costs, the sources said.

They added the Soviet Union apparently has not yet presented its price proposals in the latest negotiations, but they expect parity proposals to arise there or in bilateral discussions by the year's end.

The Russians do not want to sell gas at prices lower than the others, one source said, adding that Soviet gas exports to Austria are cheaper than gas from the North Sea or Algeria.

Russia Seeks Higher Gas Prices

By Tom Heneghan

VIENNA, Aug. 5 (Reuters) — The Soviet Union is aiming to raise its natural gas prices from parity with cheaper heavy crudes to the more expensive light oils and join OPEC member countries in seeking significantly higher prices for its exports of natural gas, oil industry sources here said.

The impetus for such an increase in natural gas prices first came from Algeria, which said gas and oil should be equal to ensure that the traditionally lower-priced gas is not wasted.

This idea is slowly being accepted by the Organization of Petroleum Exporting Countries.

The issue could become part of negotiations just started for a new Soviet-West European natural gas network, which, with an estimated value of \$8.5-11.5 billion, could be the largest East-West deal ever signed.

In the latest negotiations, a consortium of companies from Austria, Belgium, France, Italy, The Netherlands and West Germany is seeking 40 billion cubic meters of Soviet natural gas annually for 20 years, starting in 1983.

5,000 Miles

In return, Mannesman of West Germany will provide large-diameter pipes and compressor stations for the pipeline, which must stretch about 5,000 miles from the Yamal gas fields in western Siberia to Western Europe.

The sources here said the Soviet price increases could be around 50 percent, a figure also mentioned recently by Friedrich Spaeth, board member of Ruhrgas.

Algeria has been seeking to raise its current price of \$1.95 per 1,000 cubic feet with El Paso Natural Gas to achieve oil-gas parity, to \$6 per 1,000. This would make Algerian gas equivalent in price to their \$37 per barrel of oil, among the most expensive in OPEC.

Sources here criticized Algeria's oil-gas parity demands as not logical, because natural gas and oil are not always interchangeable as energy sources. This is especially true in the case of Algeria's high quality crude, because the gasoline it yields for cars cannot be replaced economically by natural gas.

Soviet gas to Austria, priced roughly on parity with heating oil, has risen around 50 percent this year and costs about \$4.07 dms per 1,000 cubic feet.

But the attraction of a new pipeline that could also deliver about 10 billion cubic meters of gas annually to East European allies, should keep the Soviet Union from pressing for too hard a bargain when it starts bringing oil-gas parity into negotiations, the sources added.

Financial Woes Force Charter to Retrench

By Robert J. Cole

NEW YORK, Aug. 5 (NYT) — The Charter Co., stung by a major financial loss, announced the cancellation yesterday of takeover bids involving nearly \$550 million for the Commonwealth Oil Refining Co. of Puerto Rico and Republic National Life Insurance Co. of Dallas.

The disclosure followed a steady slide in the market value of Charter's stock from around \$50 late last year to slightly more than a third of that now.

Charter, which engineered the takeover last year of the Carey Energy Corp. for \$4 million in cash and \$26 million more in stock, appeared close to a deal to buy financially troubled Commonwealth for \$265 million in Charter securities.

Capitalizing on Carey's Bahamian refinery — which contributed more than \$300 million to Charter's operating profit last year — Charter also seemed to have landed Republic in a deal that would have involved \$282 million in cash, notes and stock.

In two separate announcements, Charter said it had terminated its agreement to acquire Commonwealth, now in Chapter 11 bankruptcy proceedings, because of "adverse changes" in Commonwealth's operations and Commonwealth's "failure to obtain certain regulatory settlements within the time limit provided."

A joint announcement with certain Republic shareholders said the two had jointly terminated negotiations "in the best interest of all concerned."

Only last Friday, in another setback for Charter, the diversified oil refiner said it was postponing the sale of \$50 million in bonds because interest rates were rising.

Charter, whose stock had sold as low as \$5 a share, skyrocketed into prominence as a leading market performer after the Carey coup. The company's name appeared on newspaper front pages recently after the disclosure that Billy Carter had attempted to obtain crude oil from Libya for shipment to Charter.

In San Antonio, where Commonwealth maintains offices, Edward Doherty, executive vice president and general counsel, said the company had received a termination notice from Charter mentioning a deterioration in Commonwealth's financial condition since March 31.

He said he assumed this referred to Commonwealth's second-quarter loss of \$9.2 million, thus increasing its loss for the first six months to \$15.9 million.

The failure to obtain regulatory settlements, according to other sources close to Commonwealth, involved an audit of Commonwealth now under way by the Department of Energy that could yet lead to accusations of price overcharges. Although the Energy Department has typically settled such cases for a fraction of their original value, Charter had set a time limit for the claim to be resolved.

These sources contended that, while Charter used the pending claim before the Energy Department as a "legal hook," its real reason was seen as the declining fortunes of both companies. Although Commonwealth had reported a loss of \$6.7 million for the first quarter, ended in March, results for April gave it a profit near \$1 million for the first four months. For the second quarter, ended in June, however, Commonwealth lost \$9.2 million.

Charter, meanwhile, lost \$8.7 million in the second quarter, although it reported a profit of \$50.4 million for the first six months.

Mr. Doherty said Commonwealth was "exploring other possibilities to come up with a new plan to get us out of bankruptcy."

In Jacksonville, Fla., a Charter spokesman denied speculation that the Republic insurance deal fell through because Charter had been unable to obtain financing. Charter had said last week that was assessing whether to make its offer for Republic official, noting that it was contingent on satisfactory financing. This prompted Republic to say it questioned whether the offer would actually be made.

Charter's spokesman said financing had been under discussion with several European banks but that, before any hard decisions were made, Charter decided that its stock had dropped in price so much that under one of two payment options the company would have had to hand out too much of its stock to conclude the deal.

One option called for Republic shareholders to be paid in cash and Charter notes, or debt. The other called for payment in cash and Charter stock. Elimination of one option, he said, would have created too much debt for Charter.

NYSE Prices Close Mixed To Lower

From Agency Dispatches

NEW YORK, Aug. 5 — The New York stock market was mixed in late trading, with advancing issues leading declines by a small margin and most market indices showing small gains.

The Dow Jones industrial average, however, declined 1.28 points to close at 929.78. It had been up nearly 4 points earlier.

Volume was up to about 45.5 million shares on the Big Board, compared with about 42 million yesterday.

Prices were higher in moderate trading of American Stock Exchange issues.

Analysts said there was little in the news background to influence the market in either direction. They said the market's rally since mid-April has made it vulnerable to profit-taking, but so far this has not happened on a large scale.

Despite Rising Rates

Cash-laden institutions have been the big buyers in the spring-summer rally. Some of them returned to oils, which had been out of favor recently because of their large runups earlier this year.

The buying was occurring despite the fact interest rates are rising. Yields on Treasury bills rose at the weekly auction yesterday. Other short-term rates have been climbing for more than a week.

Active trading, Amca International, a division of Dominion Bridge, has offered \$140 million for Koehring, Koehring officials approved the deal.

Squibb lost 1 1/4 to 28, extending yesterday's decline. Aerospace issues gave up early strength. Boeing was off 1 1/4 to 36 1/2 in active trading.

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IMF Lending Seen Using 'Supply-Side Economics'

NEW YORK, Aug. 5 (AP-DJ) — While Washington wonders whether "supply-side economics" is a permanent panacea or a passing partisan slogan, the International Monetary Fund is putting the concept into practice in its lending to developing countries.

The experiment is being widely welcomed at the outset, but observers see some risk of future friction with commercial banks, IMF member nations and other official lending bodies.

The 140-country IMF basically makes loans for three to five years to help members ride out temporary problems with their international payments. Typically, too, the IMF insists that a borrower get its economic house in order through such austerity measures as strict limits on money-supply growth.

This often brings protests from socially volatile countries in the developing world. But Jacques de Larosiere, IMF managing director, disclosed on July 4 that the organization is modifying its approach.

Reporting to the parent United Nations, he said executives are studying ways of "enhancing the supply side of our members' economies and their long-term potential for growth."

Something Else

In the United States, one puzzled international aide notes, the supply-side school stresses tax incentives for business and upper-bracket individuals in hopes of spurring capital investment to modernize aging plant and equipment. It must mean something else for developing countries, he adds, but just what that might be is only beginning to unfold.

He thinks it's kind of nice that the IMF is discovering the supply side, says Irving Friedman, senior international adviser at First Boston and a former key staffer at the IMF and at its related institution, the World Bank.

To him, it raises hope that the IMF, in setting conditions for its loans, will pay greater heed than in the past to "the maintenance of development momentum."

Too often, other observers say, the IMF has merely insisted that a borrower slash its domestic budget deficit, thus allowing the government to shelve its industrialization projects so it can sustain consumer-spending levels. That only sets the stage for worse troubles later by crimping the country's ability to pay its own way, these critics say.

West German Payments Gap Sharply Wider

From Agency Dispatches

FRANKFURT, Aug. 5 — West Germany's provisional current account deficit in June was 3.19 billion Deutsche marks, more than double the 1.47 billion DM shortfall in May and up slightly from 3.16 billion DM in June last year, the Bundesbank said today.

The central bank said the June deficit brings the accumulated shortfall over the first six months of this year to 12.27 billion DM, compared with 165 million DM in the first half of 1979.

The June trade surplus was 279 million DM, barely changed from 298 million DM in May, but substantially down from 1.76 billion DM in the year-ago month. Bundesbank figures show. The six-month trade position shows a surplus of 4.48 billion DM, down from 14.86 billion DM in the first half of 1979.

The traditional shortfall on invisibles rose sharply to 3.5 billion DM in June from 1.9 billion DM in May, with the onset of the main holiday period swelling the deficit.

The overall balance of payments posted a surplus of 2.214 billion DM in June, compared with a deficit of 229 million DM in May. The payments balance for the first six months of 1980 registered a deficit of 16.031 billion DM, widened from a deficit of 11.502 billion DM during the like 1979 period, the Bundesbank said.

Company Reports

Revenue, Profits in Millions in local currencies, unless otherwise indicated

Great Britain

FMC

2nd Quarter	1980	1979
Revenue	424.88	384.22
Profits	7.90	5.82

United States

Emerson Electric

2nd Quarter	1980	1979
Revenue	735.0	692.2
Profits	56.6	53.0
Per share	0.94	0.88

6 Months

Revenue	2,200	1,900
Profits	170.3	150.6
Per share	2.83	2.53

Germany

2nd Quarter	1980	1979
Revenue	424.88	384.22
Profits	7.90	5.82
Per share	0.59	0.63

6 Months

Revenue	881.80	712.97
Profits	14.04	6.84
Per share	1.07	0.75

CURRENCY RATES

Interbank exchange rates for August 5, 1980, excluding bank service charges

	\$	£	D.M.	F.R.	Y.	S.F.	S.P.	D.R.
Australian	1.8565	2.51	18.005	6.025	—	—	—	—
Belgium	20.36	2.368	1.776	4.175	N.A.	—	1.67	N.A.
Canada	1.777	4.184	—	41.32	2.214	91.80	6.078	10.32
Denmark	2.205	4.875	8.201	187.25	4.825	42.71	3.825	12.925
France	637.80	1.7725	47.87	205.35	—	49.92	29.275	518.95
Germany	—	2.2565	0.5435	0.2435	0.1794	—	0.2717	0.1777
Italy	4.1143	4.298	201.91	—	4.9714	72.63	14.285	283.94
Japan	1.6295	3.843	212.62	39.792	0.1957	84.425	5.7805	—
Netherlands	1.2248	0.4033	2.5348	5.8284	1.19030	2.781	40.2877	2.226
Portugal	—	—	—	—	—	—	—	—
Spain	—	—	—	—	—	—	—	—
Sweden	—	—	—	—	—	—	—	—
Switzerland	—	—	—	—	—	—	—	—
U.S.	—	—	—	—	—	—	—	—

Dollar values

\$	1.00	£	0.693	DM	3.36	FF	4.836	SF	1.666
£	1.435	1.00	DM	4.756	FF	7.033	SF	2.364	

Tables include the nationwide prices up to the closing on Wall Street.

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(Continued on Page 10)

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Abboud Choice Gets Negative Reaction

By Linda Grant

NEW YORK, Aug. 5 (LAT) — In a reaction in the financial community to the announcement that Robert Abboud, ousted chief executive of First Chicago, is to become president of Occidental Petroleum, was almost unanimously negative.

The decision of Occidental chairman Armand Hammer to install the controversial Mr. Abboud in place of Zoltan Merszei, the former chairman of Dow Chemical who held the post at Occidental for only two years, came as a complete surprise. Mr. Merszei, who remains vice chairman, said in an interview he received the news only Friday afternoon and was "surprised to hear it."

The move revived doubts on Wall Street about the frequent management changes at the Los Angeles-based energy company. Those doubts were reflected when the price of Occidental's stock dropped 10 points on the New York Stock Exchange to \$25 1/4, an extremely low price for an oil company that had \$439 million during the first months of this year on sales of \$3 billion.

Bruce Lazier, analyst with Paine, Abner, Mitchell, Hutchins, took Occidental off his buy list the minute he heard the news.

Said one Los Angeles banker who is close to Occidental, "Oxy has gone out of its corporate mind." Said a New York investment banker, "This raises a question whether there's any long-term strategy, or timing." Added a securities analyst, "If they wonder why their stock is so cheap, this is the reason. Things like this keep it so devalued."

'Revolving Door'

Bankers, Wall Street investors, sources close to the company pressed amazement that the "revolving door" at Occidental was spinning so fast. In the last year, he then have been president.

Since 1968 at least half a dozen executives have been understood to be Mr. Hammer's heir apparent, only to have him ease out. Mr. Hammer, 82, who founded the company and is chief executive, is believed to have the aid of directors firmly under his control.

Yesterday's announcement also might express concern in some analysts on the choice of Abboud. A former Marine, Mr. Abboud, 51, has a widespread reputation as a tough and abrasive manager. During the eight years he ran the nation's eighth largest banking company, at least 200 executives left First Chicago, many

complaining about his management style.

Last spring Fortune magazine singled him out as one of the nation's 50 toughest bosses. Mr. Abboud was fired by the board of directors at First Chicago last April.

'Boot Camp' Manner

Besides what the Los Angeles banker termed Mr. Abboud's "boot camp" manner, the selection was questioned on the ground that he has little familiarity with the oil and gas business. Said one analyst, "Why Abboud? I can name you 150 at Exxon who would be better. I feel like I've been stabbed in the back."

Mr. Merszei, however, said he was still smiling despite his demotion to chief executive of Hooker Chemical, one of Occidental's principal subsidiaries. Hooker is involved in costly lawsuits that stem from toxic waste disposal in Michigan and in the Love Canal area of Niagara Falls, N.Y. It is the least profitable of all Occidental's operations.

Mr. Merszei met with Mr. Abboud Saturday, but said he did not decide until Sunday evening "that I would accept the situation offered to me. The same thinking that fascinated me the first time I came to the organization (Occidental) is still there. If I can bring into proper place the combination of raw materials and human resources, this company could become one of the great, successful industrial enterprises."

There were reports last May that company insiders were hinting at a move to replace Mr. Hammer and Mr. Merszei. Both men denied the rumors. Yesterday insiders said that the reshuffle was Mr. Hammer's way of pushing Mr. Merszei aside as a successor.

Mr. Abboud, reached at his home in Barrington Hills, Ill., said that Mr. Hammer called him last April after his widely publicized ouster at First Chicago and said, "Chin up. Don't do anything until you talk to me."

But Mr. Abboud said the deal was not completed until intensive negotiations at the end of last week. "It was a whirlwind courtship," he added. He would not disclose his compensation.

His primary responsibility, Mr. Abboud said, would be to give "logistic support so that Oxy can realize its growth." He said that meant to "keep track for Dr. Hammer whether we're getting off the road or on, what logistical supplies we need, such as money, people, plant. We have excellent line management. All we need is support."

New Rubber, Developed in U.K., Is Said to Outperform Synthetics

LONDON, Aug. 5 (Reuters) — Scientists have invented a new form of natural rubber that they say is cheaper and more versatile than comparable synthetic materials produced from petroleum.

The new material, derived from natural rubber by a simple chemical process, is being tested by tire and shoe manufacturers, the industries most likely to benefit from the discovery.

Epoxidized natural rubber, as it is called, resists wear and oil better than synthetics, according to the Malaysian Rubber Producers' Research Association, which developed it.

Oil-Based

Synthetics also have the disadvantage of being based on oil, whose price has risen dramatically.

Leonard Mullins, director of the association, said that if the new material is introduced commercially it will strengthen the position of rubber producers in Third-World countries against the development of synthetic alternatives.

Since 1945 world demand for rubber-type materials has outstripped production of natural rubber, and rubber producers have worked hard to compete against synthetics developed in the industrialized West.

Quantities of the new material have been produced at a pilot plant at Hertford, central England. This output is being used by major rubber consumers in factory tests. A larger plant will be set up in Malaysia before the end of the year.

By varying the production process, epoxidized rubber can be made to a variety of specifications, Mr. Mullins said.

Thus Malaysia would be able to tailor its natural rubber for particular applications needed by consumers.

Epoxidized natural rubber is made through the application of hydrogen peroxide and formic acid to natural rubber latex. Molecules of oxygen from the hydrogen peroxide, a bleaching agent, become inserted in the long, chain-like rubber molecules, forming the new material.

Despite the growth of synthetics, natural rubber is still in strong demand, particularly for tire manufacture, particularly because of its good elasticity. The development of a new, cheap, versatile form was likely to increase demand still further, industry analysts said.

Record Grain Imports Thought Likely

Drought Seen Reducing Chinese Crop

PEKING, Aug. 5 (AP-JD) — Bad weather is likely to reduce China's wheat crop this year about 6 percent from the record 1979 harvest, according to Western observers here.

As a result, China is expected to turn to overseas suppliers, especially the United States, for record amounts of grain this year, they say.

The observers put the drop in China's wheat crop at about 4 million metric tons, or 147 million bushels.

In 1979, according to the U.S. Agriculture Department, China harvested 60.5 million tons, or 2.2 billion bushels, of wheat.

The Chinese news agency recently reported that the Peking area is suffering from the worst drought in a century, and that crops damaged include corn, peanuts and sweet potatoes.

However, Peking analysts say that while the 1980 harvest will fall below 1979 output, it still will be well within the country's average range of grain production. "It isn't a disaster crop," says one diplomatic source. "It'll probably be better than any year other than the 1979 record."

Analysts do not minimize the seriousness of this year's drought in the Peking area, but they say that hardly a year goes by without some part of this vast country being afflicted by drought or flooding. The emphasis in Chinese media on the seriousness of the drought is seen as an exhortation to the peasants to work harder.

Analysts estimate that in the year that began July 1, China is likely to import 12 to 14 million tons of grain, compared with 11.1 million tons imported in 1978-79 and 10.4 million tons in 1979-80. A metric ton is equivalent to 36.7 bushels of wheat or soybeans and 39.4 bushels of corn.

The analysts note that while China's own production is naturally a factor in the amount of grain the nation imports, there is not a direct correlation between the two. For example, the record imports of the past two years took place despite record harvests.

This reflects a basic change in

Oil Boom Is a Mixed Blessing for Nigeria

By Leon Dash

LAGOS (WP) — Nigeria is discovering that oil riches can mean wealth but also woe.

The country's large oil reserves have held out great possibilities for growth on a continent where nation after nation has seen its development efforts falter and fail. Nigeria's oil revenues this year are expected to exceed \$23 billion, more than double the \$9.4 billion the country earned in 1978. Nigeria's oil wealth provides 90 percent of its export earnings and 83 percent of government revenue.

But with the boom have come headaches.

A long-running scandal, involving \$5 billion in oil revenues allegedly siphoned out of Nigeria by oil companies, has sparked harsh public criticism of the government-owned Nigerian National Petroleum Corp., Western oil companies, and the military government that held power for 13 years until last October.

In mid-January, a Texaco offshore oil rig blew out and spilled thousands of tons of crude along beaches and into the fresh water estuaries of the Niger River Delta, hurting subsistence farmers and fishermen who lived in the scattered villages along the country's eastern coastline.

Government officials also are concerned that efforts to tighten controls on the oil companies may discourage participation of others

and slow the country's plans to capture its natural gas and tap new oil reserves.

The scandal is being seen in some quarters here, however, as the event that will give President Shehu Shagari legitimacy to regulate the activities of foreign oil firms.

In April, Mr. Shagari suspended top officials of Nigerian National Petroleum and appointed a panel to investigate charges that Western oil companies had taken a great deal more crude out of Nigeria than they had paid for and that bribes were involved.

The panel gave its findings to Mr. Shagari at the end of June, but the report has not yet been made public. Nigerian and Western sources said some oil companies may be fined heavily and at least two companies may be expelled from Nigeria if the allegations prove to be true.

Government planners are now expecting that the aftermath of the scandal will bring long-needed energy planning, reorganization of the state petroleum company, and tighter control of production.

Gas Reserves

Government and oil sources said the plans being discussed now include incentives to new outside oil companies for exploration and development of gas reserves, and a larger voice for Nigeria in the production and marketing practices of the 10 existing companies that pump the country's oil.

Nigeria's proven oil reserves are estimated at 18 billion barrels, enough for the next 20 years at present production rates. But that estimate could be considerably lower than what actually exists, according to oil sources. Recent estimates could put the production reserves to up to 35 years, a high-level U.S. diplomatic source said.

Because of the nature of oil deposits in the Niger Delta — small, scattered pools rather than large reservoirs — oil experts believe there may be a lot more of the precious liquid there than they have been able to discover to date.

"Estimates of oil reserves in Nigeria are still a shaky proposition," one informed source said. "There is still a large, unexplored area out there."

The Nigerians are also conducting oil exploration in the northwest Sokoto region of the country and in the northeast around the Lake Chad basin.

"They want to get more companies in for exploration because they feel the more companies that are established here the better control they have," a Western observer said.

New companies have been reluctant to come in, he said, because last summer Nigeria changed the

terms on oil exploration that had previously granted a company 40 percent of all the oil it found. Now, all oil discovered belongs to Nigeria and if the company finds none "they're just out of luck" and must absorb the costs of exploration, he added.

Only one new company, Crown Central Petroleum from Baltimore, took out an exploration contract last year, the source said. This year, Nigerian National Petroleum may offer more lucrative terms, such as guaranteed access to a large percentage of whatever oil is discovered, to attract additional companies, he added.

There are now 10 oil companies operating rigs in Nigeria with Shell having the largest share of production — a little less than 60 percent. Gulf has 15 percent, Mobil and Phillips together have 16 percent, the French company Elf 5 percent, Texaco 3 percent and Ashland, Pan Ocean and Tenneco together about 1 percent.

Nigeria also has huge reserves of natural gas and is presently burning off 600 million cubic feet of the gas each day in conjunction with its oil production. Only 6 percent of the gas is captured for domestic use.

The country's natural gas company, Bonny LNG, has plans to build a \$10-billion natural gas refinery and export system. In February, Bonny signed letters of intent with eight European countries to supply 8 billion cubic feet of liquefied natural gas annually for 20 years beginning in 1985.

The Nigerians, in an effort to diversify their markets, have also been in long and, so far, unsuccessful negotiations with four U.S. companies to supply an equal amount to the United States. The firms are Columbia Gas, Southern Natural Gas, Trunkline LNG and American Natural Resources.

"The stumbling block there," said an informed source, "is the price Nigeria is asking is much higher than the U.S. government has ever approved for imported liquid natural gas."

The same source said Nigeria is seeking high prices because the country will have to borrow at commercial interest rates the \$10 billion to finance construction of the refinery and wants guaranteed markets at contractual prices before committing itself.

Concern for maintaining high prices on crude oil last week moved the government to cut back its oil production by 10 percent. Long a proponent of higher oil prices within the Organization of Petroleum Exporting Countries, Nigeria decided to cut back in the face of a world oil glut rather than bring down its prices.

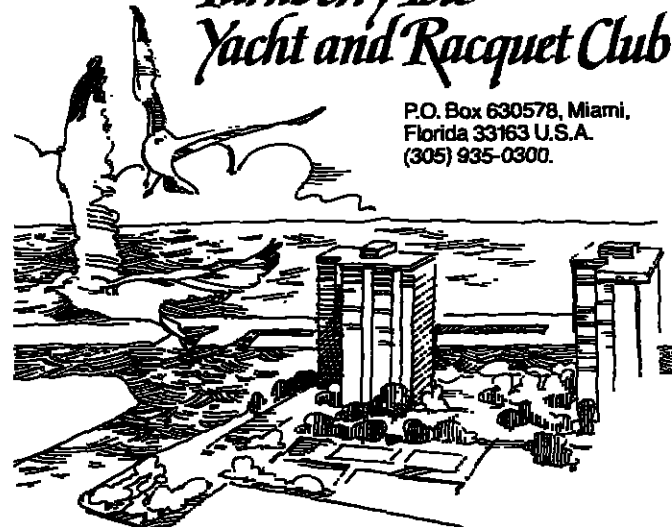
Nigeria had been pumping 2.2 million barrels a day, 1.06 million of which went to the United States. The cutback reduced its production by 200,000 barrels a day.

A sharp drop in global oil demand created a glut on the spot market, where prices for African crudes fell to \$4 a barrel below the official Nigerian price of \$37.

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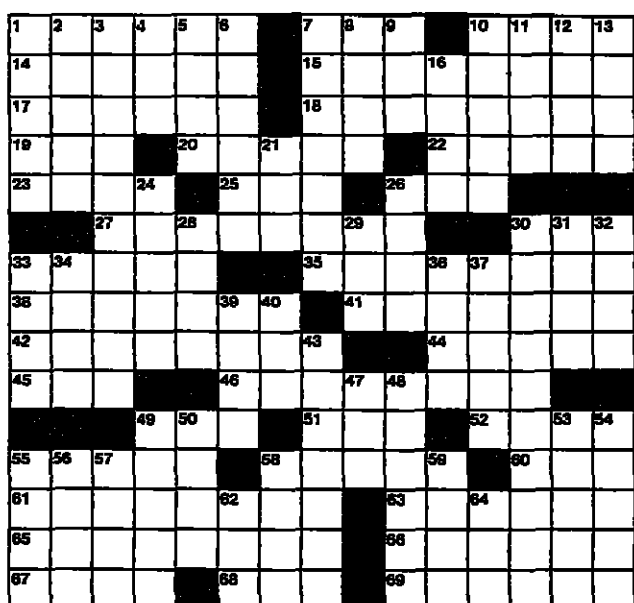
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10 Stew meat
14 "Tillie the..."
15 Senior citizen
17 More folksy
18 "Sudden death" period
19 Opp. of WNW
20 He wrote "The Trial"
22 Enthusiasm
23 In the order mentioned:
25 Truth, in a Chinese philosophy
26 Tint
27 Part of a magnet
30 See 49 Across
33 C'est...
35 More opportune
38 "...be born..."
41 Early
42 Quickly
44 Delta of songdom
45 Affenpinscher, e.g.
- DOWN**
- 1 The... day (recently)
2 Slipknot loop
3 Expeditious
4 Sino-Russian river
5 Submissive
6 Corrigenda
7 Sentry
8 Edison name
- 46 Dwelling in a city
49 Chinese philosopher, with 30 Across
51 "...violent (God willing)"
52 Topers
55 Gamble or Robertson
58 Washday in Paris
60 Gratuity
61 Double-crosser
63 Keeping the rhythm
65 Mountain or Pacific
66 Flower part
67 Hebrew dry measure
68 Notebook
69 Straight-forward
- 9 Winner over R.A.T. in 1952
10 Metric measure, in Manchester
11 Surrounded by
12 Reminder
13 Fox
16 Salver
21 Obese
24 Carrera of ring fame
26 Ecological grouping
28 Oppose
29 Kind of roast
30 From... (at intervals)
31 Bishops' jurisdictions
32 Gaelic
33 Deposited
34... time (never)
36 Raison d'...
37 Claims on property
38 Late European leader
40 "Follow Me" river
43 Suffered
47 Ending for fallow
48 In style
49 After a time
50 Neighbor of N.M.
53... Square
54 Exhausted
55 Velez of the Blue Jays
56 In the... (participating)
57 Occur in time
58 Horne or Nymman
59 Look... (investigate)
62 Dry... (duster)
64 Thrash

Solution to Previous Puzzle

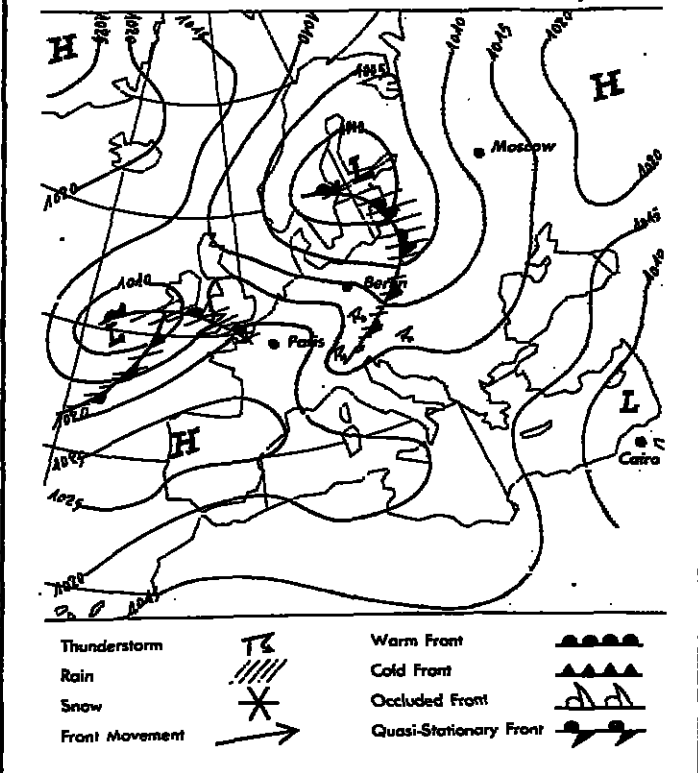
CURD GAFFE TOMA
ARIA ARROW ALOE
LACK SNORE MITE
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TOR MARIO PAROUT
GALICIS OLAITHIN
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WEATHER

	C	F		C	F		C	F
ALABAMA	22	72	Fair	MADRID	34	93	Fair	
ALASKA	10	50	Fair	MIAMI	27	81	Fair	
ALBERTA	28	82	Fair	MILAN	33	91	Fair	
ALBANY	27	81	Fair	MONTREAL	22	72	Fair	
ALBUQUERQUE	35	95	Fair	MOSCOW	20	68	Stormy	
ALBUQUERQUE	35	95	Fair	MUNICH	27	81	Cloudy	
ALBUQUERQUE	35	95	Fair	NEW YORK	28	82	Cloudy	
ALBUQUERQUE	35	95	Fair	OSLO	20	68	Cloudy	
ALBUQUERQUE	35	95	Fair	PARIS	24	75	Cloudy	
ALBUQUERQUE	35	95	Fair	PRAGUE	26	79	Cloudy	
ALBUQUERQUE	35	95	Fair	ROME	31	88	Fair	
ALBUQUERQUE	35	95	Fair	SOFIA	29	84	Fog	
ALBUQUERQUE	35	95	Fair	STOCKHOLM	23	73	Cloudy	
ALBUQUERQUE	35	95	Fair	TEHRAN	34	93	Fair	
ALBUQUERQUE	35	95	Fair	TEL AVIV	33	91	Fog	
ALBUQUERQUE	35	95	Fair	TOKYO	20	68	Overcast	
ALBUQUERQUE	35	95	Fair	TUNIS	31	88	Fair	
ALBUQUERQUE	35	95	Fair	VIENNA	20	68	Fair	
ALBUQUERQUE	35	95	Fair	WARSAW	26	79	Cloudy	
ALBUQUERQUE	35	95	Fair	WASHINGTON	30	86	Fair	
ALBUQUERQUE	35	95	Fair	ZURICH	24	75	Fair	
ALBUQUERQUE	35	95	Fair					

(Yesterday's readings U.S. and Canada at 1700 GMT; Houston and Los Angeles at 2000 GMT; rest others at 1200 GMT.)

Situation Forecast for Noon G.M.T. Wednesday



Back to Prison for London Biker Who Hates Helmets, Likes Liberty

LONDON, Aug. 5 (AP) — When Frederick Hill, 71, rides his motorbike, he usually winds up in prison. He's in again now, for the 18th time in four years, all because he won't wear a crash helmet — on principle.

"I fought in the last war for the principle of freedom of choice," he told London's Bow Street magistrates yesterday when he appeared for refusing to pay a £10 (\$23.40) fine.

The Motor Cyclists Act of 1973 says that for safety motorcyclists must wear crash helmets. But in 1976 the government exempted Britain's Sikh community from the rule. Sikhs protested that having to remove their turbans to put on crash helmets violated their religion.

Mr. Hill, a retired mathematics teacher, launched a one-man protest campaign. He said the exemption of Sikhs was unfair to other motorcyclists who don't like wearing crash helmets.

His wife, Hilda, 67, told reporters: "He will go on not wearing a helmet again and again because it is a matter of principle. He might well wear one sometime if it wasn't compulsory."

PEANUTS



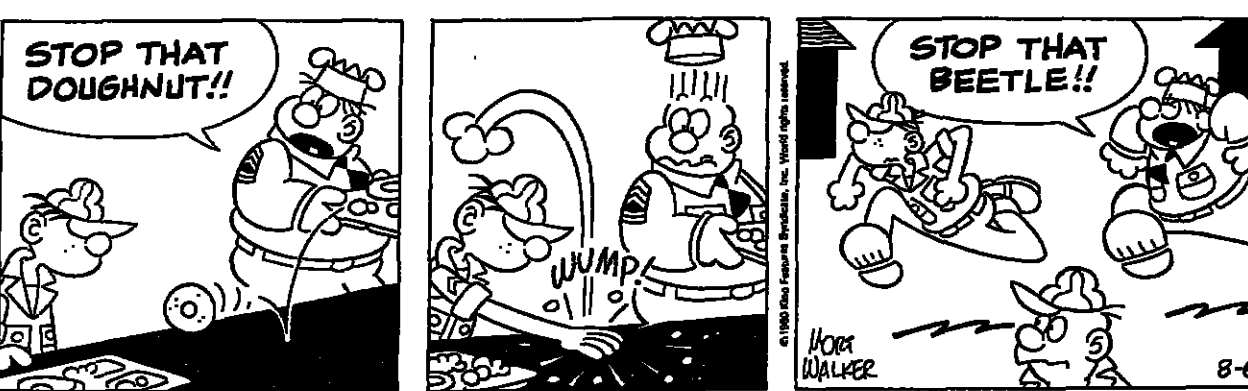
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BLONDIE



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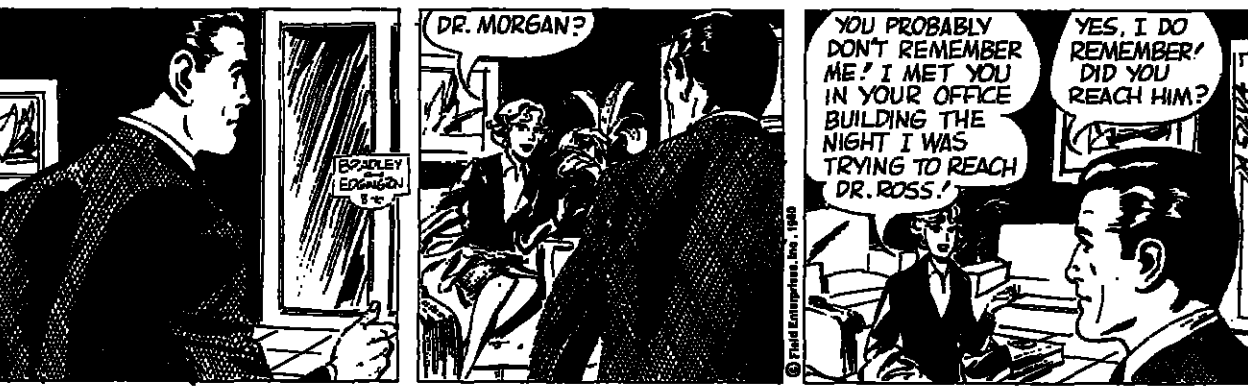
BAILEY



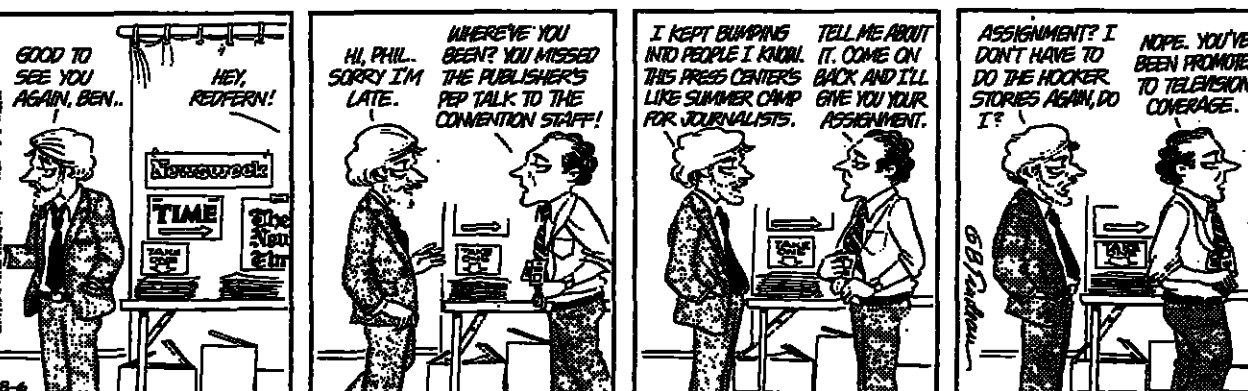
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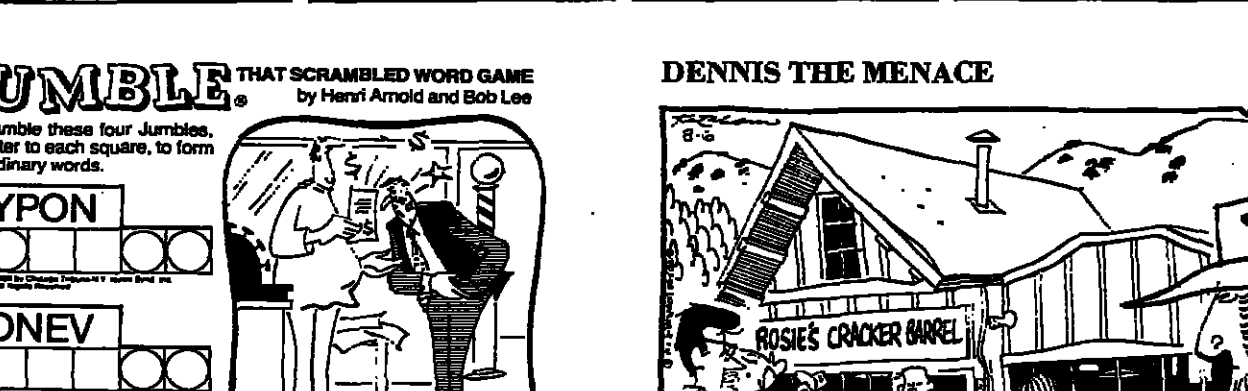
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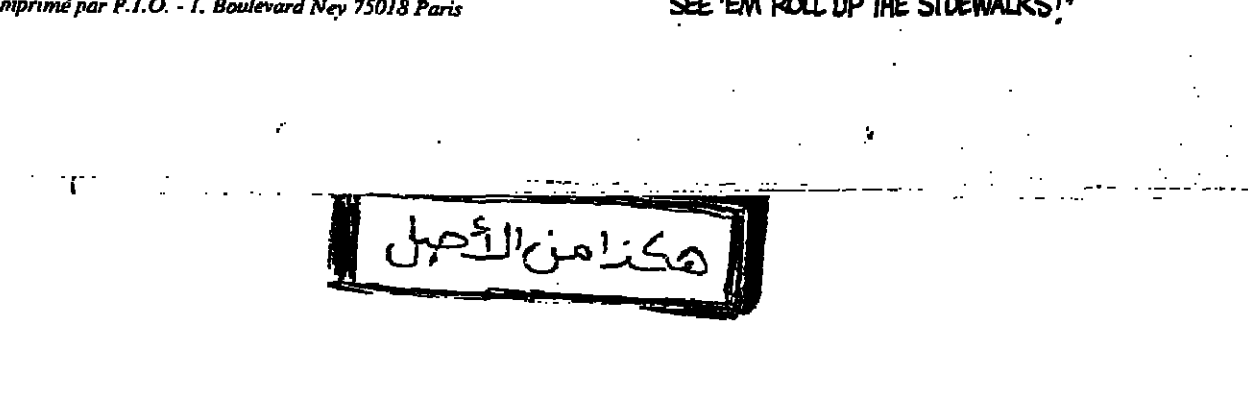
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DOONESBURY



BOOKS

CONSENTING ADULTS
OR THE DUCHESS WILL BE FURIOUS
By Peter DeVries. Little, Brown. 221 pp. \$10.95.

Reviewed by John Leonard

IT'S hard to figure out exactly what Peter DeVries is trying to tell us in his 19th novel, *Consenting Adults*. If S.J. Perelman, rather than John Updike, had written "The Centaur," or if J.D. Salinger, rather than Philip Roth, had written "The Professor of Desire," or if Gary Trudeau, rather than Booth Tarkington, had written "Penrod," we would still be unprepared for the metaphysics of "Consenting Adults." DeVries seems to be worrying about what Albert Camus called "the nostalgia for the absolute," especially in the American Middle West.

"If we can think of this great country of ours as polarized between two sets of James Brothers," says young Ted Peachum over and over again. "Frank and Jesse at one end and Henry and William at the other, why, we've begun to get some sense of the enormous spectrum in between."

Growing Up Absurd
Ted, a scholar, an actor and an athlete, is growing up absurd in Pocock, Ill. His immediate problem is that his father turns into a bear and hibernates every winter. His mother is suspected in the neighborhood of being, secretly, a Turk. The innocent little girl across the street has been molested by a department-store Santa Claus, which Santa Claus, of course, is "a disgrace to his uniform." And Ted's best friend runs off with the brewery heiress on whom Ted was counting to get him out of Pocock and into "the society of people who did not ask for ketchup in public restaurants."

Meanwhile, Ted is reading, everything by everyone — Proust, Kafka, Thomas Mann and Thomas Carlyle and Thomas Wolfe, Ezra Pound, Graham Greene, Mallarmé, Wallace Stevens, Swinburne, Thornton Wilder, Tolkein, Malcolm Cowley, Schopenhauer, I.A. Richards and so on. He almost chokes to death on a chunk of T.S. Eliot's favorite cheese. And Bertrand Russell is more dangerous than cheese. On learning that yet another group at Oxford has "scrapped" causality, Ted has a nervous breakdown, or "spook-out," for which he gets a B-plus from the local college to which he must go because Harvard, inexplicably, rejects him.

The details of this nervous breakdown — involving entropy, black holes, absolute zero, the World Ash of Richard Wagner and other cosmic monstrosities — are unimportant, because Ted recovers sufficiently to oppose "a tremor of May-be" to "the tyrannical sovereignty of No." He has the shakes, however. Is he "a self-pitying stork" or a self-disparaging "egomaniac"? He contemplates "the unsavory elements in my data mix," his "icky factor" and his "creep quotient."

Religion is no help. Ted admires the Prophet of Pocock, but can't bring himself to believe. According to the prophet: "And the Lord will consume your house, he will burn it down with a fire starting in the smoke-alarm system. How do you like them apples?" Ted has a short in the smoke-detection system, and up she goes. Then, what will avail your microwave ovens and garbage compactor-sanitizer gizmos, Cuisinarts and central air conditioning and CB transmission sets? For in that dread day you shall get the message without a CB, for the message shall get you, and it shall be, that's it, buddy boy.

If religion can't be counted on as an absolute, then what about sex? Sex is difficult in a liberated age. Ted daydreams of "an orgy with three New Women, no, four: a window washer, a railroad conductor, a cop and a telephone linesperson pole climbing, equipped, clanking across the hotel room floor in every direction as I pumped up to one of those sonic booms that suck the marrow from your pelvic bones and

call housewives for miles around to look on their knitting and say, 'What was that?' But he is afraid; he might end up sitting around 'snow-blinded' from cottage cheese." The cheese motif is nicely handled.

This identity crisis causes Ted to lose his disciples, those young punks who follow him around expecting an explanation of Korzybski's non-Aristotelian system of semantics or, at the very least, a tough epigram. He used to be capable of snarling: "It's not true that some people need less sleep than others. They simply sleep faster." Or: "Surrealism may be the last of the mayonnaise of Romanticism oozing from the disintegrating club sandwich of the Western psyche." Or: "Cp boil your socks." His lapses into a lamehearted "Chinese fortune cookies" phase, and his disciples desert him in disgust.

Ted must make a choice. He can run for mayor of Pocock "on a platform involving squirrel-related power outages in the area." Or he can leave for New York to move furniture while looking for a job on a television soap opera. What happens in New York is no business but DeVries', and we won't even mention the Peppermint triplets, the white rabbit and the dead mouse, the stolen comic books and the gum tragacanth, anorexia or rape. The rest, as Roy Campbell put it in one of Ted's favorite poems, is "Score in the Foam."

Like God, DeVries is unfair. We never do learn whether Ted's mother really is a Turk. Unlike God, DeVries is absolutely funny.

John Leonard is on the staff of The New York Times.

Best-Sellers

The New York Times
This list is based on reports from more than 1,400 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

Week	Title	Last Week	On List
1	RAGE OF ANGELS, by Sidney Sheldon	1	6
2	RANDOM WINDS, by Belva Plain	3	12
3	THE BOURNE IDENTITY, by Robert Ludlum	2	22
4	SINS OF THE FATHERS, by Susan Howatch	5	6
5	THE SPIKE, by Armand de Borchgrave and Robert Moss	4	8
6	THE SECOND DAD, by Judith Krantz	6	27
7	THE NINJA, by Eric Van Lustbader	8	13
8	THE REAL WAR, by Jeffrey Archer	7	16
9	MURDER IN THE WHITE HOUSE, by Margaret Truman	—	1
10	THE SECOND COMING, by Walker Percy	10	2
11	INNOCENT BLOOD, by P.D. James	9	11
12	THE CRADLE WILL FALL, by Mary Higgins	13	2
13	SOLO, by Jack Higgins	12	4
14	NO LOVE LOST, by Helen Van Slyke	11	15
15	THE DEVIL'S ALTERNATIVE, by Frederick Forsyth	15	27
NONFICTION			
1	SHELLEY: ALSO KNOWN AS SHELLEY, by Shelley Waters	3	2
2	THEY NEIGHBOR'S WIFE, by Gay Talese	1	13
3	FIRE IN THE SKY, by Milton and Rose Friedman	2	26
4	CHINA MEN, by Maxine Hong Kingston	4	2
5	THE REAL WAR, by Jeffrey Archer	7	10
6	MEN IN LOVE, by Nancy Friday	6	14
7	THE SECOND COMING, by Walker Percy	10	18
8	LITTLE GLORIA, by Barbara Goldstein	5	2
9	NOTHING DOWN, by Robert Allen	14	13
10	ANATOMY OF AN ILLNESS, by Norman Cousins	8	25
11	DONAHUE, by Phil Donahue	12	37
12	THE BROTHERS, by Bob Woodward and Scott Armstrong	13	33
13	JIM FICK'S SECOND BOOK OF RUNNING, by James Fick	11	15
14	WILL, by G. Gordon Liddy	9	12
15	HEARTSOUNDS, by Martha Weinman Lear	15	16

BRIDGE

By Alan Truscott

ON the diagrammed deal, South tried a slightly psychic bid that paid off handsomely. He landed in a slam that was missing three aces, and made it.

North and South bid and raised spades, while East and West bid and raised clubs. South then concealed his heart suit altogether and tried a mini-psychic cue bid of four clubs.

After more black suit bidding around the table, South arrived in six spades, and successfully discouraged West from leading the club ace. Believing that South was void in clubs, West made a passive lead of the diamond jack. This was the only suit he could have chosen to allow the slam to make.

South happily covered with the queen in dummy and ruffed East's ace. He then crossed to the heart queen and pitched his club loser on the diamond king. When he then drove out the spade ace, it was a simple matter to make the slam by pulling the missing trumps and establishing hearts with a ruff.

Since West can ruff a second round of hearts with the spade ace to cash his club ace, he is not in a bad position. But here the critics were less safe ground. As a great veteran Oswald Jacoby, once said on a rare occasion: "If he was not a leader one of his aces, he was not to double. So he only made error."

NORTH		EAST	
♠ 10543		♠ 7	
♥ 1077		♥ 1077	
♦ 1077		♦ 1077	
♣ 1077		♣ 1077	
WEST		SOUTH	
♠ 1077		♠ 1077	
♥ 1077		♥ 1077	
♦ 1077		♦ 1077	
♣ 1077		♣ 1077	

Neither side was vulnerable.
South: 10-10-10-10
West: 10-10-10-10
North: 10-10-10-10
East: 10-10-10-10

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مكتبة الأصيل

Revenge for Boycotter

Olympic Hammer Titlist Beaten by West German

ROME, Aug. 5 (AP) — Karl-Heinz Riehm of West Germany reeled the first-up shot tonight beating Yuri Sedikh of the Soviet Union, the Olympic champion and world record holder, in the hammer throw, the opening event of the Golden Gala track meet at the Rome Olympic Stadium.

In a later upset, Viktor Markin of the Soviet Union, the Olympic champion in the 400-meter race, could finish no better than third in an event behind two runners who did not compete in Moscow.

Ryan Leads Astros Over Giants, 4-2

HOUSTON, Aug. 5 — Nolan Ryan and Joe Sambito combined for a five-hitter and Enos Cabell and Cesar Cedeno drove in first-inning runs here last night to lead the Houston Astros to a 4-2 victory over the San Francisco Giants.

Ryan (6-8) struck out seven and saved five over seven innings and threw important defensive help in Cedeno, who made four fine catching catches in center field. Cedeno came on to pitch the final three innings and earn his 11th save, leading the Astros in first place in the National League West.

Reds 7, Padres 2

Reds 11, Padres 2

At Cincinnati, Tom Seaver's 7-2 comeback victory ended San Diego's eight-game winning streak and the Reds downed the Padres, 11-2, the second game for a doubleheader sweep.

Seaver (4-5), on the disabled list on July 1, struck out five, gave up one earned run and scattered four over six innings before reliever in Hume picked up his 19th save.

Expos 4, Mets 3

Mets 4, Expos 3

At Montreal, Les Mazzilli hit a 6-run homer to lift New York to a 4-3 victory over Montreal and a split of their doubleheader. The loss snapped the Expos' seven-game winning streak.

In the opener, Andre Dawson's one-out single in the 10th scored Ron LeFlore with the winning run in a 4-3 Montreal triumph.

Dodgers 5, Braves 3

At Atlanta, Steve Yeager's double broke a sixth-inning tie and Steve Garvey and Dusty Baker hit home runs as Los Angeles beat Atlanta, 5-3.

Yankees 10, Rangers 4

In the American League, at New York, Reggie Jackson hit his 30th home run of the season and 399th of his career and Eric Soderholm and Bobby Brown also homered as New York mounted a 14-hit attack and defeated Texas, 10-4.

Red Sox 7, Brewers 2

At Boston, rookie Glenn Hoffman extended his hitting streak to seven games with a two-run homer in the third inning, leading Boston to a 7-2 victory over Milwaukee.

A's 11, Twins 2

At Oakland, Calif., Rickey Henderson singled, stole his 54th base and hit a two-run homer in an eight-run first inning that carried Oakland to an 11-2 victory over Minnesota.

The A's won their 54th game of the season, matching their total last year when they finished 54-106 and last in the American League West. They now are second with a 54-43 record under manager Billy Martin.

Angels 8, Mariners 3

At Anaheim, Calif., Jason Thompson doubled twice to drive in three runs as California rallied for an 8-3 victory over Seattle. The loss dropped the Mariners into last place in the American League West, a game behind the Angels.

Royals 6, Tigers 5

At Cleveland, Joe Charboneau, Jorge Orta, Bo Diaz and Rick Manning all hit home runs to pace Cleveland to its 10th victory in the last 12 games, an 11-5 rout of Toronto.

Major League Standings

NATIONAL LEAGUE			
	W	L	Pct.
Atlanta	54	43	.558
San Diego	54	43	.558
Los Angeles	54	43	.558
San Francisco	54	43	.558
St. Louis	54	43	.558
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Montreal	54	43	.558
Philadelphia	54	43	.558
Chicago	54	43	.558
San Francisco	54	43	.5

